

4008000556-Igbaria .pdf

Uploaded by: Afaf Igbaria

Position: FAV

Disclaimer:

This Report is based on account and transactional data provided from the Intuition platform. Any payments or distributions not shown below will affect this Report. Negative numbers are shown in parentheses "()".

Account:	4008000556	Purchase Price: \$	18,532.00	Payments (#) Before 1/1/21:	2.00	Semesters Purchased:	4.00	Minimum Benefit Remaining (\$):	\$ 19,857.46
Name:	Igbaria, Mohammad	Paid In Full:	YES	Payment Processing Fee: \$	4.00	Semesters Used:	-		
		Mature:	YES	Total Payment Processing Fees: \$	8.00	Semesters Remaining:	4.00	Semesters Remaining (#):	4.00

Date	Distributions													Subledger A Contributions Made Prior to November 1, 2021				Subledger B Contributions Made On or After November 1, 2021				Semesters Remaining
	Payments Made	Less Returns	Other Adjustments	Contract Pymts Made	Semesters Earned	Payment Proc. Fee	Operating Expense	Net Contributions	Distributions	Refunds	Other Expenses	Semesters Spent	Change in Balance	Applicable Rate	Earnings Adjustment	Minimum Benefit	Change in Balance	Applicable Rate	Earnings Adjustment	Minimum Benefit		
	TOTAL:	(20.00)	-	18,532.00	4.00	(4.00)	(463.20)	18,064.80	-	-	-	-	18,064.80		1,792.66	19,857.46	-		-	-	4.00	
7/14/2008	18,532.00	-	-	18,532.00	4.00	(4.00)	(463.20)	18,064.80	-	-	-	-	18,064.80	0.86%	-	18,064.80	-	-	-	-	4.00	
7/15/2008	-	-	-	-	-	-	-	-	-	-	-	-	-	1.22%	18.37	18,083.17	-	-	-	-	4.00	
8/15/2008	-	-	-	-	-	-	-	-	-	-	-	-	-	1.08%	16.27	18,099.44	-	-	-	-	4.00	
9/15/2008	-	-	-	-	-	-	-	-	-	-	-	-	-	0.98%	14.78	18,114.22	-	-	-	-	4.00	
10/15/2008	-	-	-	-	-	-	-	-	-	-	-	-	-	0.71%	10.72	18,124.94	-	-	-	-	4.00	
11/15/2008	-	-	-	-	-	-	-	-	-	-	-	-	-	0.22%	3.32	18,128.26	-	-	-	-	4.00	
8/12/2010	20.00	(20.00)	-	-	-	-	-	-	-	-	-	-	-	0.00%	-	18,128.26	-	-	-	-	4.00	
8/15/2017	-	-	-	-	-	-	-	-	-	-	-	-	-	0.02%	0.30	18,128.56	-	-	-	-	4.00	
9/15/2017	-	-	-	-	-	-	-	-	-	-	-	-	-	0.03%	0.45	18,129.02	-	-	-	-	4.00	
10/15/2017	-	-	-	-	-	-	-	-	-	-	-	-	-	0.08%	1.21	18,130.23	-	-	-	-	4.00	
11/15/2017	-	-	-	-	-	-	-	-	-	-	-	-	-	0.20%	3.02	18,133.25	-	-	-	-	4.00	
12/15/2017	-	-	-	-	-	-	-	-	-	-	-	-	-	0.36%	5.44	18,138.69	-	-	-	-	4.00	
1/15/2018	-	-	-	-	-	-	-	-	-	-	-	-	-	0.50%	7.56	18,146.25	-	-	-	-	4.00	
2/15/2018	-	-	-	-	-	-	-	-	-	-	-	-	-	0.60%	9.07	18,155.32	-	-	-	-	4.00	
3/15/2018	-	-	-	-	-	-	-	-	-	-	-	-	-	0.76%	11.50	18,166.82	-	-	-	-	4.00	
4/15/2018	-	-	-	-	-	-	-	-	-	-	-	-	-	0.86%	13.02	18,179.84	-	-	-	-	4.00	
5/15/2018	-	-	-	-	-	-	-	-	-	-	-	-	-	0.95%	14.39	18,194.23	-	-	-	-	4.00	
6/15/2018	-	-	-	-	-	-	-	-	-	-	-	-	-	1.07%	16.22	18,210.45	-	-	-	-	4.00	
7/15/2018	-	-	-	-	-	-	-	-	-	-	-	-	-	1.13%	17.15	18,227.60	-	-	-	-	4.00	
8/15/2018	-	-	-	-	-	-	-	-	-	-	-	-	-	1.19%	18.08	18,245.68	-	-	-	-	4.00	
9/15/2018	-	-	-	-	-	-	-	-	-	-	-	-	-	1.25%	19.01	18,264.68	-	-	-	-	4.00	
10/15/2018	-	-	-	-	-	-	-	-	-	-	-	-	-	1.36%	20.70	18,285.38	-	-	-	-	4.00	
11/15/2018	-	-	-	-	-	-	-	-	-	-	-	-	-	1.45%	22.09	18,307.48	-	-	-	-	4.00	
12/15/2018	-	-	-	-	-	-	-	-	-	-	-	-	-	1.50%	22.88	18,330.36	-	-	-	-	4.00	
1/15/2019	-	-	-	-	-	-	-	-	-	-	-	-	-	1.46%	22.30	18,352.66	-	-	-	-	4.00	
2/15/2019	-	-	-	-	-	-	-	-	-	-	-	-	-	1.38%	21.11	18,373.77	-	-	-	-	4.00	
3/15/2019	-	-	-	-	-	-	-	-	-	-	-	-	-	1.35%	20.67	18,394.44	-	-	-	-	4.00	
4/15/2019	-	-	-	-	-	-	-	-	-	-	-	-	-	1.29%	19.77	18,414.21	-	-	-	-	4.00	
5/15/2019	-	-	-	-	-	-	-	-	-	-	-	-	-	1.22%	18.72	18,432.93	-	-	-	-	4.00	
6/15/2019	-	-	-	-	-	-	-	-	-	-	-	-	-	1.14%	17.51	18,450.45	-	-	-	-	4.00	
7/15/2019	-	-	-	-	-	-	-	-	-	-	-	-	-	0.80%	12.30	18,462.75	-	-	-	-	4.00	
8/15/2019	-	-	-	-	-	-	-	-	-	-	-	-	-	0.76%	11.69	18,474.44	-	-	-	-	4.00	
9/15/2019	-	-	-	-	-	-	-	-	-	-	-	-	-	0.57%	8.78	18,483.21	-	-	-	-	4.00	
10/15/2019	-	-	-	-	-	-	-	-	-	-	-	-	-	0.60%	9.24	18,492.46	-	-	-	-	4.00	
11/15/2019	-	-	-	-	-	-	-	-	-	-	-	-	-	0.41%	6.32	18,498.77	-	-	-	-	4.00	
12/15/2019	-	-	-	-	-	-	-	-	-	-	-	-	-	0.37%	5.70	18,504.48	-	-	-	-	4.00	
1/15/2020	-	-	-	-	-	-	-	-	-	-	-	-	-	0.35%	5.40	18,509.88	-	-	-	-	4.00	
2/15/2020	-	-	-	-	-	-	-	-	-	-	-	-	-	0.33%	5.09	18,514.97	-	-	-	-	4.00	
3/15/2020	-	-	-	-	-	-	-	-	-	-	-	-	-	0.21%	3.24	18,518.21	-	-	-	-	4.00	
11/15/2021	-	-	-	-	-	-	-	-	-	-	-	-	-	6.00%	92.59	18,610.80	-	1.55%	-	-	4.00	
12/15/2021	-	-	-	-	-	-	-	-	-	-	-	-	-	6.00%	93.05	18,703.85	-	1.55%	-	-	4.00	
1/15/2022	-	-	-	-	-	-	-	-	-	-	-	-	-	6.00%	93.52	18,797.37	-	1.55%	-	-	4.00	
2/15/2022	-	-	-	-	-	-	-	-	-	-	-	-	-	6.00%	93.99	18,891.36	-	1.55%	-	-	4.00	
3/15/2022	-	-	-	-	-	-	-	-	-	-	-	-	-	6.00%	94.46	18,985.81	-	1.55%	-	-	4.00	
4/15/2022	-	-	-	-	-	-	-	-	-	-	-	-	-	6.00%	94.93	19,080.74	-	1.55%	-	-	4.00	
5/15/2022	-	-	-	-	-	-	-	-	-	-	-	-	-	6.00%	95.40	19,176.15	-	1.55%	-	-	4.00	
6/15/2022	-	-	-	-	-	-	-	-	-	-	-	-	-	6.00%	95.88	19,272.03	-	1.55%	-	-	4.00	
7/15/2022	-	-	-	-	-	-	-	-	-	-	-	-	-	6.00%	96.36	19,368.39	-	2.98%	-	-	4.00	

✓	8/15/2022	-	-	-	-	-	-	-	-	-	-	-	6.00%	96.84	19,465.23	-	2.98%	-	-	4.00
✓	9/15/2022	-	-	-	-	-	-	-	-	-	-	-	6.00%	97.33	19,562.56	-	2.98%	-	-	4.00
✓	10/15/2022	-	-	-	-	-	-	-	-	-	-	-	6.00%	97.81	19,660.37	-	2.98%	-	-	4.00
✓	11/15/2022	-	-	-	-	-	-	-	-	-	-	-	6.00%	98.30	19,758.67	-	2.98%	-	-	4.00
✓	12/15/2022	-	-	-	-	-	-	-	-	-	-	-	6.00%	98.79	19,857.46	-	2.98%	-	-	4.00

4010002232-Igbaria.pdf

Uploaded by: Afaf Igbaria

Position: FAV

Disclaimer:

This Report is based on account and transactional data provided from the Intuition platform. Any payments or distributions not shown below will affect this Report. Negative numbers are shown in parentheses "()".

Account:	4010002232	Purchase Price: \$	18,960.00	Payments (#) Before 1/1/21:	1.00	Semesters Purchased:	4.00	Minimum Benefit Remaining (\$):	\$ 20,245.05
Name:	Igbaria, Mohammad	Paid In Full:	YES	Payment Processing Fee: \$	4.00	Semesters Used:	-		
		Mature:	YES	Total Payment Processing Fees: \$	4.00	Semesters Remaining:	4.00	Semesters Remaining (#):	4.00

Date	Distributions													Subledger A Contributions Made Prior to November 1, 2021				Subledger B Contributions Made On or After November 1, 2021				Semesters Remaining
	Payments Made	Less Returns	Other Adjustments	Contract Pymts Made	Semesters Earned	Payment Proc. Fee	Operating Expense	Net Contributions	Distributions	Refunds	Other Expenses	Semesters Spent	Change in Balance	Applicable Rate	Earnings Adjustment	Minimum Benefit	Change in Balance	Applicable Rate	Earnings Adjustment	Minimum Benefit		
	TOTAL:	-	-	18,960.00	4.00	(4.00)	(473.90)	18,482.10	-	-	-	-	18,482.10	-	1,762.95	20,245.05	-	-	-	-	4.00	
10/21/2010	18,960.00	-	-	18,960.00	4.00	(4.00)	(473.90)	18,482.10	-	-	-	-	18,482.10	0.00%	-	18,482.10	-	-	-	-	4.00	
8/15/2017	-	-	-	-	-	-	-	-	-	-	-	-	-	0.02%	0.31	18,482.41	-	-	-	-	4.00	
9/15/2017	-	-	-	-	-	-	-	-	-	-	-	-	-	0.03%	0.46	18,482.87	-	-	-	-	4.00	
10/15/2017	-	-	-	-	-	-	-	-	-	-	-	-	-	0.08%	1.23	18,484.10	-	-	-	-	4.00	
11/15/2017	-	-	-	-	-	-	-	-	-	-	-	-	-	0.20%	3.08	18,487.18	-	-	-	-	4.00	
12/15/2017	-	-	-	-	-	-	-	-	-	-	-	-	-	0.36%	5.55	18,492.73	-	-	-	-	4.00	
1/15/2018	-	-	-	-	-	-	-	-	-	-	-	-	-	0.50%	7.71	18,500.43	-	-	-	-	4.00	
2/15/2018	-	-	-	-	-	-	-	-	-	-	-	-	-	0.60%	9.25	18,509.68	-	-	-	-	4.00	
3/15/2018	-	-	-	-	-	-	-	-	-	-	-	-	-	0.76%	11.72	18,521.41	-	-	-	-	4.00	
4/15/2018	-	-	-	-	-	-	-	-	-	-	-	-	-	0.86%	13.27	18,534.68	-	-	-	-	4.00	
5/15/2018	-	-	-	-	-	-	-	-	-	-	-	-	-	0.95%	14.67	18,549.35	-	-	-	-	4.00	
6/15/2018	-	-	-	-	-	-	-	-	-	-	-	-	-	1.07%	16.54	18,565.89	-	-	-	-	4.00	
7/15/2018	-	-	-	-	-	-	-	-	-	-	-	-	-	1.13%	17.48	18,583.38	-	-	-	-	4.00	
8/15/2018	-	-	-	-	-	-	-	-	-	-	-	-	-	1.19%	18.43	18,601.81	-	-	-	-	4.00	
9/15/2018	-	-	-	-	-	-	-	-	-	-	-	-	-	1.25%	19.38	18,621.18	-	-	-	-	4.00	
10/15/2018	-	-	-	-	-	-	-	-	-	-	-	-	-	1.36%	21.10	18,642.29	-	-	-	-	4.00	
11/15/2018	-	-	-	-	-	-	-	-	-	-	-	-	-	1.45%	22.53	18,664.81	-	-	-	-	4.00	
12/15/2018	-	-	-	-	-	-	-	-	-	-	-	-	-	1.50%	23.33	18,688.14	-	-	-	-	4.00	
1/15/2019	-	-	-	-	-	-	-	-	-	-	-	-	-	1.46%	22.74	18,710.88	-	-	-	-	4.00	
2/15/2019	-	-	-	-	-	-	-	-	-	-	-	-	-	1.38%	21.52	18,732.40	-	-	-	-	4.00	
3/15/2019	-	-	-	-	-	-	-	-	-	-	-	-	-	1.35%	21.07	18,753.47	-	-	-	-	4.00	
4/15/2019	-	-	-	-	-	-	-	-	-	-	-	-	-	1.29%	20.16	18,773.63	-	-	-	-	4.00	
5/15/2019	-	-	-	-	-	-	-	-	-	-	-	-	-	1.22%	19.09	18,792.72	-	-	-	-	4.00	
6/15/2019	-	-	-	-	-	-	-	-	-	-	-	-	-	1.14%	17.85	18,810.57	-	-	-	-	4.00	
7/15/2019	-	-	-	-	-	-	-	-	-	-	-	-	-	0.80%	12.54	18,823.11	-	-	-	-	4.00	
8/15/2019	-	-	-	-	-	-	-	-	-	-	-	-	-	0.76%	11.92	18,835.03	-	-	-	-	4.00	
9/15/2019	-	-	-	-	-	-	-	-	-	-	-	-	-	0.57%	8.95	18,843.98	-	-	-	-	4.00	
10/15/2019	-	-	-	-	-	-	-	-	-	-	-	-	-	0.60%	9.42	18,853.40	-	-	-	-	4.00	
11/15/2019	-	-	-	-	-	-	-	-	-	-	-	-	-	0.41%	6.44	18,859.84	-	-	-	-	4.00	
12/15/2019	-	-	-	-	-	-	-	-	-	-	-	-	-	0.37%	5.82	18,865.66	-	-	-	-	4.00	
1/15/2020	-	-	-	-	-	-	-	-	-	-	-	-	-	0.35%	5.50	18,871.16	-	-	-	-	4.00	
2/15/2020	-	-	-	-	-	-	-	-	-	-	-	-	-	0.33%	5.19	18,876.35	-	-	-	-	4.00	
3/15/2020	-	-	-	-	-	-	-	-	-	-	-	-	-	0.21%	3.30	18,879.65	-	-	-	-	4.00	
11/15/2021	-	-	-	-	-	-	-	-	-	-	-	-	-	6.00%	94.40	18,974.05	-	1.55%	-	-	4.00	
12/15/2021	-	-	-	-	-	-	-	-	-	-	-	-	-	6.00%	94.87	19,068.92	-	1.55%	-	-	4.00	
1/15/2022	-	-	-	-	-	-	-	-	-	-	-	-	-	6.00%	95.34	19,164.27	-	1.55%	-	-	4.00	
2/15/2022	-	-	-	-	-	-	-	-	-	-	-	-	-	6.00%	95.82	19,260.09	-	1.55%	-	-	4.00	
3/15/2022	-	-	-	-	-	-	-	-	-	-	-	-	-	6.00%	96.30	19,356.39	-	1.55%	-	-	4.00	
4/15/2022	-	-	-	-	-	-	-	-	-	-	-	-	-	6.00%	96.78	19,453.17	-	1.55%	-	-	4.00	
5/15/2022	-	-	-	-	-	-	-	-	-	-	-	-	-	6.00%	97.27	19,550.44	-	1.55%	-	-	4.00	
6/15/2022	-	-	-	-	-	-	-	-	-	-	-	-	-	6.00%	97.75	19,648.19	-	1.55%	-	-	4.00	
7/15/2022	-	-	-	-	-	-	-	-	-	-	-	-	-	6.00%	98.24	19,746.43	-	2.98%	-	-	4.00	
8/15/2022	-	-	-	-	-	-	-	-	-	-	-	-	-	6.00%	98.73	19,845.16	-	2.98%	-	-	4.00	
9/15/2022	-	-	-	-	-	-	-	-	-	-	-	-	-	6.00%	99.23	19,944.39	-	2.98%	-	-	4.00	
10/15/2022	-	-	-	-	-	-	-	-	-	-	-	-	-	6.00%	99.72	20,044.11	-	2.98%	-	-	4.00	
11/15/2022	-	-	-	-	-	-	-	-	-	-	-	-	-	6.00%	100.22	20,144.33	-	2.98%	-	-	4.00	
12/15/2022	-	-	-	-	-	-	-	-	-	-	-	-	-	6.00%	100.72	20,245.05	-	2.98%	-	-	4.00	

Afaf Igbaria - SB475 Testimony.pdf

Uploaded by: Afaf Igbaria

Position: FAV

Hi,

My husband passed at a young age, when our only son was seven months old. The fear for my son's future had me look to secure his education. I had invested whatever my late husband left us and bought two years plan then few years later I saved enough money to buy him another two years plan.

When I checked both accounts values in 2019 and 2021, I was advised that they had good return, per account value reports I had received from MPCT (attached 2021 reports).

In December 2020, and after receiving 2019 account value reports, I was planning to rollover/refund both accounts, to another account, so that my employer can contribute, but due to heart surgery I had to postpone the rollover or refund. And after my son received enough academic scholarships, we decided to keep MPCT funds for his med school, in 2025.

To help my son identify which med school we can afford, in August I had asked MPCT for account values, they notified me that they could not provide me with any account value due to system update and they were not able to provide me with timeline to get my accounts value. I called MPCT several times in hopes to get those reports but no avail.

Per MPCT website, I completed and submitted the account support form last November.

Last Thursday, I have received my manual calculation reports (attached), where both reports listed principle amounts and the earnings lost more than 95% of what we were promised in the contracts and were told for years.

I cannot describe the anxiety and stress I am still experiencing due to what happened to my accounts. I emailed MPCT via the secured website, but never heard back from them.

How can our earnings just disappear like that?

I was never notified of any change, otherwise I would have acted on it.

How can they change any contract without notifying account holders?

We need our earnings back!

Respectfully,

Afaf Igbaria
2368 Naples Ave
Upland, CA 91784
9095607778

F A F S A Detail - Maryland 529 - Acct# 08000556.p

Uploaded by: Afaf Igbaria

Position: FAV



FAFSA Value

Beneficiary: Mohammad Igbaria

Account Number: 4008000556

Product Type: Two Year/4 Sem

The **FAFSA Values** shown below can be used when reporting 529 assets on the Free Application for Federal Student Aid (FAFSA) application form. These figures represent the values of this account.

The value indicated below is the voluntary cancellation refund value of the account(s) as of the point in time the FAFSA Value is requested. This may be zero in cases where the total benefit dollars paid out to date exceeds the total paid into the plan, plus applicable earnings. Actual distributions for the account(s) may vary from the figures provided below based on timing, reason for refund, etc.

[IMPORTANT UPDATE: Click here for important information from MD529 which may impact your FAFSA value.](#)

Current Account Value:	\$18,532.00
All Accounts Total Value:	\$37,492.00

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The Maryland Senator Edward J. Kasemeyer Prepaid College Trust ("MPCT") is established and maintained by the Maryland 529 Board by and through Maryland 529, an independent State agency. Intuition College Savings Solutions, LLC (Intuition) is the Program Manager. Please log in to your online Account and read the Disclosure Statement carefully for more about program oversight and other important information. Participation in the MPCT does not guarantee admission to any college or university. The Maryland 529 Board, Maryland 529, MPCT, Intuition and their Agents do not provide financial, legal or tax advice.

F A F S A Detail - Maryland 529 - Acct# 10002232.p

Uploaded by: Afaf Igbaria

Position: FAV



FAFSA Value

Beneficiary: Mohammad Igbaria

Account Number: 4010002232

Product Type: Two Year/4 Sem

The **FAFSA Values** shown below can be used when reporting 529 assets on the Free Application for Federal Student Aid (FAFSA) application form. These figures represent the values of this account.

The value indicated below is the voluntary cancellation refund value of the account(s) as of the point in time the FAFSA Value is requested. This may be zero in cases where the total benefit dollars paid out to date exceeds the total paid into the plan, plus applicable earnings. Actual distributions for the account(s) may vary from the figures provided below based on timing, reason for refund, etc.

[IMPORTANT UPDATE: Click here for important information from MD529 which may impact your FAFSA value.](#)

Current Account Value:	\$18,960.00
All Accounts Total Value:	\$37,492.00

[Contact Us](#) | [Disclosure Statement](#) | [Privacy Statement](#) | [Website Agreement](#)

The Maryland Senator Edward J. Kasemeyer Prepaid College Trust ("MPCT") is established and maintained by the Maryland 529 Board by and through Maryland 529, an independent State agency. Intuition College Savings Solutions, LLC (Intuition) is the Program Manager. Please log in to your online Account and read the Disclosure Statement carefully for more about program oversight and other important information. Participation in the MPCT does not guarantee admission to any college or university. The Maryland 529 Board, Maryland 529, MPCT, Intuition and their Agents do not provide financial, legal or tax advice.

Igbaria 08000556 - Rollover - refund Value.pdf

Uploaded by: Afaf Igbaria

Position: FAV



formerly College Savings Plans of Maryland

May 14, 2021

Afaf Igbaria
2368 Naples Ave.
Upland, CA -91784

The Maryland Prepaid College Trust has completed your request to calculate the value of your contract(s). In accordance with the plan guidelines, you will receive your initial principal balance less any disbursements along with all corresponding realized earnings less fees, since inception. The disbursement you will receive is reported as follows:

Rollover:	08000556– 2Yr. University Plan
Purchaser:	Afaf Igbaria
Beneficiary:	Mohammad Igbaria
Principal:	\$ 18,532.00
Earnings:	\$ 13,623.80
Fees:	<u>\$ -24.00</u>
Total:	\$ 32,131.80

Refund:	08000556 – 2Yr University Plan
Purchaser:	Afaf Igbaria
Beneficiary:	Mohammad Igbaria
Principal:	\$ 18,532.00
Earnings:	\$ 12,261.42
Fees:	<u>\$ -79.00</u>
Total:	\$ 30,714.42

Please note that these figures are calculated as of today's date and they may vary based on the receipt of the final request. It is important to note that these figures are consistent with a Refund Request or Rollover to another qualified 529 plan and not indicative of a qualified Benefit distribution.

Sincerely,
MPCT Accounts Department

Igbaria 10002232 - Rollover- Refund Value.pdf

Uploaded by: Afaf Igbaria

Position: FAV



formerly College Savings Plans of Maryland

May 14, 2021

Afaf Igbaria
2368 Naples Ave.
Upland, CA -91784

The Maryland Prepaid College Trust has completed your request to calculate the value of your contract(s). In accordance with the plan guidelines, you will receive your initial principal balance less any disbursements along with all corresponding realized earnings less fees, since inception. The disbursement you will receive is reported as follows:

Rollover:	10002232– 2Yr. University Plan
Purchaser:	Afaf Igbaria
Beneficiary:	Mohammad Igbaria
Principal:	\$ 18,960.00
Earnings:	\$ 11,794.07
Fees:	<u>\$ -24.00</u>
Total:	\$ 30,730.07

Refund:	10002232– 2Yr University Plan
Purchaser:	Afaf Igbaria
Beneficiary:	Mohammad Igbaria
Principal:	\$ 18,960.00
Earnings:	\$ 10,614.66
Fees:	<u>\$ -79.00</u>
Total:	\$ 29,495.66

Please note that these figures are calculated as of today's date and they may vary based on the receipt of the final request. It is important to note that these figures are consistent with a Refund Request or Rollover to another qualified 529 plan and not indicative of a qualified Benefit distribution.

Sincerely,
MPCT Accounts Department

529_Testimony.pdf

Uploaded by: Eric Marshall

Position: FAV

My name is Eric Marshall. I have 2 accounts with the Maryland Prepaid College Trust (MCPT), opened in 2002 and 2003 via a lump sum payment. The MCPT informed account holders in August 2021 regarding a change to the Minimum Benefit Calculation. They stated the minimum benefit would now be calculated by applying a 6% earnings rate from the date of my contributions to the MCPT until I decide to take the money out to pay for college. I was excited by this change, as it would increase the amount I could receive from the trust to pay for my children to go to college **by a significant amount**. In my scenario, the **additional amount** of money I would be entitled to was about **\$45,000**.

In August and September 2021, I called and spoke to Erin Layton, the Executive Director, and Janaki Kannan, the Director of Budget & Fiscal Administration to confirm the methodology of the Minimum Benefit Calculation. They both confirmed the 6% earnings calculation would start from the time the money was contributed to the plan.

I have attached 3 emails, 2 from Janaki Kannan and 1 from mcpt@maryland529.org (the general mailbox). All 3 emails state clearly the 6% earning rate will apply from the time of my contribution to the plan.

The Maryland 529 is now saying the 6% earnings rate will only apply from November 2021, not when I contributed my funds. Based on the information attached, along with information in their annual report, the published actuarial valuation assumptions, and numerous correspondence other account holders have had with the MCPT, it is clear the change was supposed to be a 6% return from the time of contribution.

As I have a contract with the Maryland 529, Article IX states the “Board will not retroactively modify existing Contract provisions in a manner adverse to you or your Beneficiary”. Based on this language, **I ask the Maryland Legislature to require the Maryland 529 honor the change effective November 2001 that increases the earnings rate on the minimum benefit calculation to 6% from the date of contribution.**

Eric Marshall

To: MARSHALL Eric

RE: Contract Changes Effective November 1, 2021



Janaki Kannan <jkannan@maryland529.org>

To ✓ Eric Marshall



Reply

Reply All

Forward



Mon 8/23/2021 9:30 AM

You replied to this message on 8/23/2021 9:36 AM.

Good Morning Mr. Marshall.

The 6% interest used to calculate Minimum Benefits will begin from the date of the contributions to the Plan.

Thanks
Janaki

From: Eric Marshall <eric@charltonconsulting.com>

Sent: Monday, August 23, 2021 8:50 AM

To: Janaki Kannan <jkannan@maryland529.org>

Subject: FW: Contract Changes Effective November 1, 2021

Janaki,

Hello. I found your address on the Maryland 529 website. I am an account holder and asked a question regarding the MCPT calculation change to the minimum benefit (see below for the answer).

Regarding the minimum benefit calculation change effective on November 1, will the 6% interest on contributions made prior to November 1 begin on November 1, 2021, or will the 6% interest rate be used to calculate the minimum benefit begin from the date of the contributions to the plan?

RE: Contract Changes Effective November 1, 2021



Janaki Kannan <jkannan@maryland529.org>
To ✓ Eric Marshall



Reply

Reply All

Forward



Mon 8/23/2021 9:45 AM

You replied to this message on 8/23/2021 9:47 AM.

Mr. Marshall,

If you made contributions to the plan in 2001 and 2002, the 6% interest will be used to calculate minimum benefits from that time.

1. The minimum benefits get paid at every distribution request. The new system will compare your tuition/WAT benefits and the minimum benefits. Your benefit will be the higher of the 2. If your minimum benefit is higher than the Tuition/WAT, you will be eligible to receive the minimum benefit.
2. The change will not affect the distributions already received. The change will only affect the distributions taken after November 2021.

Thanks
Janaki

From: Eric Marshall <eric@charltonconsulting.com>
Sent: Monday, August 23, 2021 9:36 AM
To: Janaki Kannan <jkannan@maryland529.org>
Subject: RE: Contract Changes Effective November 1, 2021

Thanks for the response.

In my case, I made contributions to the plan in 2001 and 2002. Will the 6% will be used from then? Assuming this answer is yes, my minimum benefit is higher than the weighted average benefit. My questions are:

1. When does the minimum benefit get paid (at every distribution request)?
2. For distributions already received, how does this affect the minimum benefit?

Thanks,

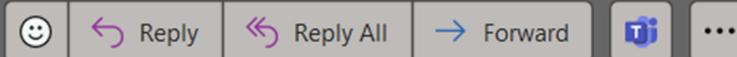
Eric

RE: Contract Changes Effective November 1, 2021



mpct <mpct@maryland529.org>

To ✓ Eric Marshall



Mon 8/23/2021 11:03 AM

Hi –

Following up to the previous response as we received some clarification regarding your original question:

The 6% interest rate used to calculate the Minimum Benefit will be applied since the first contribution.

Best,
Maryland Prepaid College Trust
Maryland 529

From: mpct
Sent: Monday, August 23, 2021 9:11 AM
To: 'Eric Marshall'
Subject: RE: Contract Changes Effective November 1, 2021

From now until November 1, 2021.

Again if you have additional questions, please email accounts@maryland529.org or call us toll-free at 1-888-463-4723 and select option #2.

Thank you.

From: Eric Marshall [<mailto:eric@charltonconsulting.com>]
Sent: Monday, August 23, 2021 8:34 AM
To: mpct
Subject: Re: Contract Changes Effective November 1, 2021

From what date will the 6% be earned? Will it be November 2021, or the date of the contribution?

Thanks

Eric Marshall

Jenna Catlett Letter to MGA.pdf

Uploaded by: Jenna Catlett

Position: FAV

February 21, 2023

Jenna Brienne Catlett
1804 Fenwicke Ct
Huntingtown, MD 20639
443-975-6905
Jennalu3@yahoo.com

Written Testimony for the Maryland General Assembly

RE: Bill 475

I am writing as the beneficiary of a Maryland Prepaid College Trust (MPCT) and current freshman in college. My parents, a school teacher and police officer, knew long ago that affording college for me was out of the question without proper planning. Thankfully, they did their part and enrolled in the MPCT in 2006. For 16 years, they made annual payments to the Trust. My parents did their part and contributed as required by the contract.

How can the contract and rules of the game change after 16 years? Freezing funds, holding our money hostage and even taking the money we are due is simply wrong!

I graduated high school at the top of my class academically (never earning anything but A's my entire school career) and served as Class President. I played several sports growing up and served as the Captain of my high school volleyball team, who were state finalists my senior year. Additionally, I was President of the Relay for Life club, member of the National Honor Society, Peer Mediator and Student Senate representative. Because of my dedication to academics, my school and community, I was able to receive many scholarships that helped offset the expenses of my first year in college. For this reason, I did not have to draw upon funds from the MPCT account my parents set up this year. However, moving forward, I need all funds restored so I can rollover the principal and interest to a MCIP.

I have continued to work hard, stay focused on my studies and am actively involved in campus life. Most notably, I am a cadet in the Air Force ROTC program and won the award for the Most Outstanding Freshman Cadet after the first semester. I chose to take AFROTC as an elective and have since realized it is my calling. I look forward to completing the program, graduating and becoming a commissioned officer in the United States Air Force. This will not be possible if the funds are not restored to our MPCT accounts. I am counting on these funds to attend an out-of-state university.

Please help restore my MPCT account to the amount shown on our December 2021 statement immediately. It is the right thing to do. Any delay in doing so jeopardizes my opportunity to succeed at what I set my sights on.

Respectfully submitted,

Jenna B. Catlett

Spano- Testimony.pdf

Uploaded by: John Spano

Position: FAV

Thank you for giving me the opportunity to speak in front of the state legislature today. Hi my name is John Spano. I'm a lifelong resident of Maryland and a current resident of Gaithersburg. My 529 journey began not long after my first child was born in 2002. I graduated from Frostburg State 10 years earlier and watched as college tuition skyrocketed across the nation. After talking to a financial advisor who told me "Forget about working your way through college anymore. The only ways to pay for college is to start investing while the kids are young and hope for the best, take out loans, or join the military." Not wanting tons of loans and not knowing if my then infant would want to join the military I did what I thought was the responsible thing and began investing for the future. I kept hearing about the Maryland 529 plan and wanting to be loyal to my state, I chose this plan as my investment vehicle. Fast forward 9 years to 2011 I now have 3 young kids, which means not only 3 child care payments but also 3 college tuitions to plan for. After watching my balances in the Maryland College Investment plan plummet during The Great Recession, I made the decision to take money out of my home to convert and pay off the balance of the Maryland Prepaid trust for my oldest two kids. So I rolled over what was left in the College Investment Plan, took money out of my home and paid for the Prepaid college trust for my oldest two kids. At the time I wanted to feel safe knowing that I at least had in-state tuition paid for for my oldest two kids. I kept the College Investment Plan for my youngest child. While this account has seen over a 27% increase in earnings during the past bull market, the prepaid college trust has left me with no growth and high anxiety.

My oldest son graduated from high school in 2020. This was the group of students who did not walk across the stage or say goodbye to their classmates because of Covid. In April 2020 he had to make his college decision and it came down to Maryland and South Carolina. He chose South Carolina. When I tried to call the Prepaid College Trust during this time I couldn't get any phone help because I was told that Covid Shutdowns were impacting their operating procedures. My second son and other 529 prepaid college trust beneficiary graduates from high school in 2022. Around the time of his college decision making process I got the FAFSA statement dated January 31, 2022. I was elated to see the account values for both of my prepaid accounts. I called the prepaid trust and was assured these values were accurate. With this information the whole decision making process was changed. I now could afford 2 out of state

college tuitions. My son decided to follow his older brother to the University of South Carolina. After his college decision was made and the deposit was paid I became aware of this so called interest miscalculation. Now I'm left with my original investment, a higher mortgage as a result of my 2011 decision to convert to the prepaid college trust, and several questions I would like to have answered.

Is this still being called an interest miscalculation? If so I would really like to be shown an example of the miscalculation.

What has happened to all the interest/earnings on all of these accounts over the past 20 or so years?

Why am I getting these 1099-Q documents that state I have earnings of over \$4k on \$10k in distributions?

testimony .pdf

Uploaded by: julie shields

Position: FAV

As a mom and a Maryland public school educator, the one thing that I have no tolerance for is when I feel children are being taken advantage of. I entrusted the future education of my children, Jackson and Hannah, with the Maryland Prepaid Trust and I believe they have been exploited.

Can you please tell Jackson and Hannah why half of the money in their college account is no longer there?

Can you please tell Jackson and Hannah why a law firm and a PR firm have been hired by the Trust, for what purpose, and with whose money?

Can you please tell Jackson and Hannah if the Trust has been acting in a way that represents a fiduciary responsibility to them as the contract states?

Can you please tell Jackson and Hannah why the Trust never contacted their parents when questions arose regarding the Trust's handling of their money.

Can you please tell Jackson and Hannah that the Trust has a large actuarial surplus and has the ability to quickly rectify this situation, but has been unwilling to do so thus far?

Can you please tell Jackson and Hannah whether this is truly a miscalculation error or whether it's a false narrative that has been used to cover an abject breach of contract, and for whose benefit?

Can you please tell Jackson and Hannah and the children of Maryland that you will not idly watch these violations go unanswered and that you will work towards repairing the immense damage that has been done and restoring to them, what is rightfully theirs. Can you please help the children be able to trust the Trust?

Can you please act with the spirit that a society's destiny rests on how it treats its children.

Thank you!

MD-529_MPCT_Mohamed Abdi Testimony 02222023.pdf

Uploaded by: Mohamed Abdi

Position: FAV

Dear Maryland Legislators:

My name is Mohamed Abdi, I'm an African American Parent and Account Holder of MPCT, a Maryland 529 plan.

19 years ago, I decided to plan for my kid's college education, with my hard-earned money, as I believe education is one way to help close the generational racial wealth gap that unfortunately exists in our society.

However, Maryland 529 Board is widening that wealth gap not closing it for families like mine by wiping out my earnings and by not allowing me to execute a Refund or Rollover that will include my hard earned principal and earning as many other families have done that with the benefit of the trusts' earnings over the years it existed and all of the sudden we can't get the same benefit from the trusts' earnings which has millions in surplus - it would be mind boggling to believe the state legislators to not reverse this apparently irresponsible, erroneous and an unequal treatment for families of MD 529 (MPCT).

I'm not asking for a reparations from the Maryland state authorities (not yet anyways!) but just my hard-earned money that I trusted with the State Of Maryland's Guaranteed of my funds and that includes what the contract I signed in 1999 allows as an option to exercise a refund and or a rollover with 100% principles + average earnings since inception date of my account (MPCT own records show those earnings to be 5.5% on average) so there is no mystery or "error" for the calculations and recalculations as the Board wants you to believe, rather this is simply a classis case of cover-up that stemmed from their misguided and unfair allocations of the trusts' surplus funds and thank-god an accidental transparency that we're happy it happened, not happy the Board chose to freeze account-holders funds to the detrimental of many parents during the pandemic and the peak inflation, to make thousands of Maryland families much worst off.

The fix should be frankly, a very simply ask of the legislators to the Board: To reinstate the policy changes the MD 529 Board made in 2019 without the stakeholders / account-holders awareness or approval and to make all account holders whole, and equitable by allowing my account to be refunded with my principles + earnings since inception into the MPCT plan.

Best Regards,

Mohamed Abdi, Maryland Resident & Active Voter for the last 30 years and counting.

(2.21) SB 475 - Workgroup on the Maryland 529 Prep

Uploaded by: Robin McKinney

Position: FAV



**SB 475 - Workgroup on the Maryland 529 Prepaid College Trust Program
Education, Energy and Environment
February 22, 2023
SUPPORT**

Chairman Feldman, Vice-Chair and members of the committee, thank you for the opportunity to submit testimony in support of Senate Bill 475. This bill will create the Workgroup on Maryland 529 Prepaid College Trust Program.

The CASH Campaign of Maryland promotes economic advancement for low-to-moderate income individuals and families in Baltimore and across Maryland. CASH accomplishes its mission through operating a portfolio of direct service programs, building organizational and field capacity, and leading policy and advocacy initiatives to strengthen family economic stability. CASH and its partners across the state achieve this by providing free tax preparation services through the IRS program 'VITA', offering free financial education and coaching, and engaging in policy research and advocacy. **Almost 4,000 of CASH's tax preparation clients earn less than \$10,000 annually. More than half earn less than \$20,000.**

The CASH Campaign of Maryland staffs the Financial Education and Capability Commission which is co-chaired by Senator Klausmeier and Delegate Stein. The Commission focuses on topics that expand Marylander's knowledge on financial topics and their ability to apply that knowledge. The Commission worked with Maryland 529 in 2020, 2021, and 2022 to strengthen the Save4College state match program available for accounts in the Investment Plan. Through this work, the state was able to ensure that more low to middle-income families can save for their child's future higher education costs.

Maryland 529 administers two separate plans to help parents pay for their family's future higher education cost- the Investment Plan and the Prepaid Plan. The current miscalculation challenges involve accounts within the Prepaid Plan. The Prepaid Plan works by purchasing a semester's at today's tuition cost to avoid the increasing cost of tuition. Maryland 529 should work with the General Assembly to ensure that account holders are receiving the appropriate payout from their accounts.

SB 475 will create a workgroup to identify policies, procedures, and practices that led to issues within the Prepaid Plan, and develop and make recommendations for improvement in:

- Maryland 529 policies, procedures, and practices to ensure the prevention of similar issues,
- Communication and transparency for account holders, and
- Accountability for the individuals responsible for properly exercising Maryland 529's responsibilities

Changes to Maryland 529's policies, procedures, and practices can have an impact on both plans that Maryland 529 administers. It is imperative to take into account that any changes to Maryland 529 should be comprehensive and encompass best practices for both plans.

Thus, we encourage you to return a favorable report on SB 615.

Creating Assets, Savings and Hope

Abby Boley Senate Hearing Written Testimony.docx.p

Uploaded by: Abigail Boley

Position: FWA

Thank you for giving me the opportunity to write to you about the MD 529 Prepaid College Trust issues.

My name is Abby Boley, and I am from District 27B. I am a college freshman attending school at University of Pittsburgh. My parents opened an MPCT account for me when I was 1-years-old in 2005. I was told that my MPCT trust account had a rollover value of \$94,536.58 in December 2021 as well as in February 2022. I received a merit scholarship and earned enough college credits when I was in high school to graduate college in 3 years versus 4. These factors along with confirmation that I had \$94.5K in my College Trust account were ultimately what led to my decision to enroll at Pitt while being able to remain debt free.

It was during my first semester at Pitt, that my parents learned that my funds were frozen for rollover, and then the week I returned for my 2nd semester, I was told that my manual recalculation showed that I only had a value of \$35K to cover the next 5 semesters of school. I have worked hard and continue to work hard to earn my college degree and the amount of anxiety and stress caused by MPCT has been very difficult to deal with. My focus should be solely on getting good grades and striving towards the goals I want to obtain for my career. Instead, MPCT has made it so my focus has been on worrying about how I'm going to pay my next college bills. I feel like every time I think this is going to be resolved and I can see the light at the end of the tunnel, I become faced with another roadblock.

I currently have a 3.8 GPA at Pitt, and have honored most of Pitt's general education requirements, so transferring to another school would cost me extra time and money in order for me to honor new general education requirements at a different school, causing me to not be able to graduate in 2025 like I've intended. In the end, it does not make financial sense for me to transfer.

I am only 18, and am told I may have to take out exorbitant loans with high interest to pay for my college degree. This is after I trusted the Maryland State backed 529 Prepaid Trust to pay for the earnings my trust had accrued for rollover as reflected in the December 2021 statement and later confirmed in February 2022. I don't understand why the 529 Board decided to make changes on rollover earning calculations that were detrimental to those of us who are in college or about to start college. This change has caused me and my family both emotional and financial harm.

My parents opened a college trust for me almost 18 years ago, so I could attend college without fear of debt; now I am told I may be another statistic added to the current national student debt crisis in our country. I ask that the State of Maryland prevent that from happening to me and all of us currently impacted. Please assure that our Prepaid Trust balances shown on our December 2021 statements are restored. Me and thousands of other students nationwide are depending on this decision, for it could change the course of our academic careers and financial stability for years to come.

Thank You.

Abby Boley, age 18

Written testimony for Senate Bill SB 475 regarding

Uploaded by: Amber Boehm

Position: FWA

Written testimony for Senate Bill SB 475 regarding the Maryland Prepaid College Trust

Like many parents submitting testimony, I planned for the daunting challenge of funding the college education of my twins, born in 2004. This has been a long process of paying yearly installments faithfully with the hope that I might ease the burden of current college tuition costs. I couldn't afford a lump sum; I couldn't even afford four years for each of them. But I invested in the MCPT in good faith that I can help my children in their education and avoid the student debt that has crippled the economic prosperity of many millennials.

My children graduate from high school in three months and will be attending college in the fall. I have watched with concern, anxiety, and growing horror as the issues with the MCPT failed to be rectified and the leadership of MCPT fails to talk openly and honestly with account holders. Others will articulate better than I how this poorly managed fund has impacted families, and how the changing interpretations of the language in the contracts, again and again, has meant that the value of our investments have been clawed back. As I read it currently, the weighted average tuition that I will be granted is \$6,934.96 LESS per child than I invested. If that is accurate, I would have been better off storing that money in a mattress. If I roll it over, I see none of the interest gain that others in the past have been granted based on the interpretation of the contract.

It is unconscionable to me that account holders who happened to withdraw funds four years ago will have received a completely different benefit than I will, despite being in the same fund and faithfully adding to it as my contract dictates. If the fund is as solvent as they say, at the very least any change should have allowed a grandfather clause for those of us who invested in the last ten years and have not removed some or all of our funds.

No matter how many people testify before you for consideration of this bill, know that all of us invested in good faith for the benefit of our children. That is thousands of Marylanders, trusting the MCPT to help our children. It is clear that they have failed us. We need the Maryland legislature to honor our contracts. Alternatively, dissolve the trust and equitably distribute to the account holders. But we **need** a resolution. We can't afford the wait.

Amber Boehm

Poolesville, Maryland

Document1 (002).pdf

Uploaded by: Anastasia Ramsland

Position: FWA

February 21, 2023

Dear Committee Members:

I have never been one who was good with numbers or math and I have no experience with investing. When a close friend who I consider a pretty smart guy and has two children of his own told me about the Maryland Prepaid College Trust (MPCT) in 2013, I thought that's a smart idea. It's guaranteed by the Governor & Maryland Legislature, what could go wrong? My husband and I began contributing to the MPCT in March of 2013 and have an account for four years of tuition for my only daughter Natasha who was 8 years old at the time. We read the contract, not necessarily understanding every bit of "legalese" in it, but enough to know we pay money, money grows, when it's time for her to go to college she gets what we put in PLUS all investment earnings minus some administrative fees. Being naïve I made our monthly payments through June of 2018 and honestly didn't look back or give the account another thought. Again, my trust was in the fact it was guaranteed by the Governor & Maryland Legislature.

Fast forward to 2021 when I checked on Natasha's account because we were inching towards the finish line of high school and found our MPCT Annual Statement documenting my purchase price of \$48,290.00 and my FAFSA Value of \$71,271.67. Great, there's our contribution PLUS all investment earnings. By this time, Natasha was already talking about her plans to become a mental health therapist so I thought, "Great, she'll have some money left over to go for her Master's degree." MPCT staff, their executive director, their actuaries, Intuition all agreed on the interpretation in November 2021. No letters were sent out within 60 days of the annual statements being sent disputing the calculations.

In the fall of 2022 Natasha announced she had decided to save even more money and planned to go to CCBC so I thought, "Great, she'll have even MORE money left over to go for her Master's degree." I called the MPCT line and spoke with a gentleman who told me that my daughter is very smart (something we already knew) and that there would be no issue with doing that and we could rollover the balance into any other 529 plan when she finished her bachelors degree up. That's around the time that my friend who had originally told me about the program clued me in about the scuttlebutt about issues with the plan. When we received our 2022 MPCT Annual Statement, imagine my surprise when only my purchase price was listed! I emailed AND mailed a letter contesting the statement as written in the **teeny tiny print on the bottom of the statement that "we have 60 days from the date above to notify us of the error."**

Eliminating the investment earnings is a huge change in the agreements that all account holders signed. As anyone who has ever signed a contract knows, you can't go back and retroactively change the terms to harm the other party. Yet, that is precisely what has happened. To date,

account holders have not received the proper notification that their contracts were changed. These actions are clearly a breach of Articles IV & IX. What the MPCT board has done is no better than a snake oil salesman with a bait & switch, **essentially picking my daughter's pocket of \$22,981.67!** Then to add insult to injury the 529 Board spent \$1 million to hire Nelson Mullins, a national law firm known for litigation. How is that credible? Who hires a law firm for just a calculation error? The board has also spent \$50,000 to hire a crisis communications firm. And yet, families still aren't getting straight answers to their questions.

My clock is ticking ladies and gentlemen. Natasha will begin college fall of 2023. While some in our group have the financial means to leave their MPCT funds alone and pay out of pocket until this travesty is corrected, others of us do not have that luxury. I'm afraid to touch any of the money because I fear somehow it will negate our ability to regain our investment earnings. It's time for the Maryland Legislature, with financial assistance from the executive branch, to honor its commitments to those parents and others who invested in the Prepaid College Trust. The 2021 FAFSA values need to be honored. Don't allow the Board to apply their "fuzzy math", compel them to honor contracts **NOW**. Even in the current online documents the MPCT states:

MARYLAND LEGISLATIVE GUARANTEE

Your investment comes with peace of mind. Maryland law provides that in the event that funds in the Trust are insufficient to pay full Benefits in any given year, the Governor shall include an amount in the following year's State budget to fully pay Benefits, subject to the Maryland General Assembly's final approval.

PLEASE HELP US.

Anastasia Ramsland

18 Glen Echo Court

Glen Arm, MD 21057

Cell-443-610-0942

MD529 testimony TuSekine SB0475.pdf

Uploaded by: Becky Tu-Sekine

Position: FWA

MD 529 Policy Holder Testimony (Feb 23, 2023)

We support Senate Bill 475 with the Amendment that the Workgroup present a more immediate solution to restore contractually guaranteed earnings to accounts holders, preferably within 90 days or less.

My name is Becky Tu-Sekine, and my husband and I purchased two Md529 Prepaid College Trusts (MPCT) for our children in 2008 and in 2012. After 14 years we are now being told that the rules have changed, and we are being denied the 100% return on investment earnings guaranteed in both our 2008 and 2012 contracts. In 2021 our oldest started college. When we verified the earnings for our 2008 account we happy to find the returns, while modest in terms of most investments, had accumulated over 14 years. This dollar value was an important factor in our financial decision to allow our child to accept an offer to Syracuse University, since the high tuition cost would be offset in part by these earnings.

However, now that the bills have come in, we are told that we no longer have these earnings – it was all a mistake.

The MPCT is a haven for conservative investors that offers two options for payout. We purchased this plan because of these options.

- 1) Under Article VII an account holder can roll over their funds to another eligible 529 plan with the transfer amount “equal to the contributions to the Prepaid College Trust plus or minus 100% of the Investment Earnings or losses realized on the contributions”.
- 2) Separately, under Article IV an option termed Minimum Benefits allows account holders to request payouts with a monthly rate of return equal to a U.S. Government Security with a constant maturity of one year, minus 1.2%. This is indeed a *Minimum benefit*, but it offers protection against major fluctuations in investment returns which was very appealing to us.

Every contract from 1998 to 2020 has these options. Period.

In addition, Article IX Clearly states “the Board will not retroactively modify existing Contract provisions in a manner adverse to you or your Beneficiary, except to the extent necessary to assure compliance with applicable state (including the Enabling Legislation) and Federal laws...”

This is EXACTLY what the Board HAS DONE!

The MPCT board decided to merge the two payout options to a single option for the 2021/2022 contracts. For some mysterious reason they decided that all pre-existing contracts would ***retroactively be converted*** to the new 2021/2022 payout terms. We were not forewarned. Our earnings were frozen and the reason given was that a vendor (Intuition) made mistakes and account holders were overpaid. This is just not true, it is handwaving and blame casting.

Under this logic THOUSANDS OF PREVIOUS ACCOUNT HOLDERS would have been overpaid since 1998, because thousands have exercised their rollover option and reaped the rewards of their long-term investments. Will the Board now go back and try to recover this “overpayment” from these accounts?? If not, how can the deny me my contractual rights??

In another bout of insanity, the Board has recalculated interest rates to redistribute the very earnings they are denying us, by guaranteeing earnings on future years. Any accounts that were in place on Oct 31, 2021 will receive a new interest rate of 6% on all balances going forward from Nov 1, 2021. Since our family invested 14 years ago, and is now using the account to pay for college, we will see NO accumulated earnings from this recalculation. It's like trying to cash out a CD and having the bank tell you they “changed their mind” about paying you interest, and are going to give the earnings to the next person that walks through the door.

In addition, this 6% guaranteed return is NOT tied to the actual Investment Earnings of the fund, which is madness. The fund lost 8.5% in 2022. Will they just recalculate again in five years if they can't honor the 6%?

The MPCT management has been using the quasi-governmental nature of the Trust as a shield from responsibility

Parents who have been damaged have spent countless hours trying to get the situation remedied to no avail. Responses from the Trust have been a mixture of platitudes and obfuscation. Leadership of the Trust is subject to control only by the Trust's board and the Maryland legislature. A 2019 audit found more than 100 boxes of checks and documents that had not been processed for years, highlighting the fact that the Board has been negligent in their oversight of the fund. Its processes are opaque, and most discussion dealing with the MPCT has been held in closed sessions with no record available to the public. Neither management nor the board can be voted out by the parents who have entrusted their college savings to the Trust, and neither management nor the board has been willing to engage in a meaningful dialogue with parents. Without help from the legislature our only other avenue will be legal action, which has uncertain outcomes, takes years, and ironically will reduce the funds of the Trust since management will use the assets of the Trust to pay for its defense in any legal actions. Meanwhile, parents and their children have to make hard choices about whether they can attend the college of their choice, a direct consequence of the recent decisions by the MPCT board and management.

This is not hard to fix, and should never have happened

The easiest fix is to simply mandate that the board honor all contracts in place. The 2021/2022 contracts have the new terms in place, and people who bought this contract were aware of those terms. Just as we are aware of the terms that are in the contracts we signed.

We need immediate action – this will only get worse

We are the first wave of parents that have been damaged. The financial and emotional costs have been high over the last year. There are 15 waves of account holders behind us; every year will open the eyes of another thousand account holders, if not more.

Damages are accumulating. The MPCT has taken FIVE MONTHS to “recalculate” 419 accounts, and people that receive those recalculations are finding errors beyond the TOTAL LOSS OF EARNINGS. There is no appeal process yet in place to address these errors. This will become even more of an administrative nightmare as time goes on.

Today you have some sparks. By April 2024 this will become a wildfire that is out of control.

Please help us by restoring our contractual rights.

Thank you.

Becky Tu-Sekine

btusekine@gmail.com

Anthony Tu-Sekine

tusekine@icloud.com

1916 Chapel Hill Rd

Silver Spring MD 20906

MD529 EEE Written Testimony.pdf

Uploaded by: Brian Savoie

Position: FWA

From: Brian Savoie, Silver Spring, Maryland (District 20)
To: Maryland Senate, EEE Committee Meeting
Regarding: Testimony in Support of SB 475
Date: February 21, 2023

Dear Chairman Feldman and Members of the Senate:

I testify today in support of SB 475. While this bill does not do enough to solve the problems that parents are facing, it does one important action – brings the impacted parties together to attempt resolution.

To be clear – every day that this issue continues, brings continual harm to families: we are borrowing from our retirements, refinancing our homes, borrowing from family, and taking on debt with high interest rates. None of this would have occurred if Maryland 529 had not retroactively changed the terms of our contracts in ways that detrimentally impacted all of us.

In this document, I will lay out how this has impacted my family, how the actions of Maryland 529 have been inappropriate in the extreme, and suggested amendments that could make this bill stronger.

IMPACT ON OUR FAMILY

In 2011, when my son Caleb was seven, I bought a contract with the Prepaid Program paying in more than \$57,000 over 125 payments. Tuition for four year in-state tuition was anticipated to be \$85,000 by 2022. Those increases never materialized, but the trust has earned significant returns while holding my funds.

In the Fall 2021, we began Caleb's college search which included finalizing financial preparation. I received a statement from Maryland 529 in December 2021 indicating that the FAFSA value of our account was approximately \$76,000. I utilized this number when filling out the FAFSA to qualify for student aid for Caleb. On March 31st, I called up the program servicer who indicated that the value of the account was now \$78,735. I relied on these figures to determine if my son's dream school, Purdue, was in our budget. I did not make this assumption based on one data point – I made it based on two.

In July 2022, I went to file for my first semester of benefits on my son Caleb's behalf. I discovered that the payment of earnings had been frozen since sometime in April 2022. This was not communicated to account holders until the end of August 2022. I had to pay to go on a payment plan – and had to shift funds from other sources. I was told repeatedly that my interest was only delayed, not denied. I actually said as much in television interviews. I thought my money was fine, because officials with Intuition stated I was not a "problem account".

What has followed is repeated promises and repeated delays.

Maryland 529 indicated that the issue was that the calculation had been applied to historical balances that had already been distributed. Since I had never received a distribution prior to this issue, I could not conceive that I would be an account holder that the board and staff were trying to fix.

However, the issue changed dramatically on Friday evening, January 6 and over subsequent days. Maryland529 began issuing manual calculation reports that showed a dramatic devaluation of account value – not only for account holders who had previously taken distributions, but also for plan holders who had never taken a distribution. During an October 2022 board meeting, Maryland 529's board retroactively changed the disclosure statement back to November 2021. The changes appeared very technical and focused on accounting rules. Parents had no idea of the real impact of this accounting rule change until these manual reports began to be distributed. This retroactive change meant that instead of receiving \$78,735.00 – my accounts new estimated value was \$59,593.73.

That difference would pay for an entire year of college at Purdue – so this is not a trifle. Some families are losing as much as 60% of their account value in this process.

Because of Maryland529's difficulties, I have moved money around in ways that have caused us to lose interest on our principal. Even though I have not had to take on additional debt yet, the repositioning of my son's fund has cost us hundreds of dollars in additional earnings every single month.

I have stopped counting the number of hours that I have spent working on this issue, but it is easily in the hundreds of hours. I have used vacation time to come to Annapolis to advocate on my own behalf – and for parents unable to take time off. I typically work a ten hour day for work, but have used every lunch hour for this issue for months.

HOW DID THIS HAPPEN AND WHY IS MARYLAND529 TO BLAME

While Maryland529 claims this was a technical calculation error, nothing could be further from the truth. This may have been a misunderstanding of the overall impact of business rules developed and voted on in June 2021, but that is not a calculation error. Maryland529's actions since discovery of this issue have sought to cover up the true nature of this problem – and their intended fix is a further part of that cover up.

For the entire history of the Maryland529 plan, there were two separate calculations for how to receive your benefits distribution – through a Weighted Average Tuition payment OR through a Rollover to another qualified 529 plan.

The Weighted Average Tuition (hereafter, WAT) is the average cost of tuition and mandatory fees at in-state colleges and universities. While the WAT for four years was projected to be \$85,000 when I signed up in 2011, the cost of tuition has not kept pace with those estimates.

The calculation for a rollover was determined to be your principal multiplied by 100% of the earnings of the fund. This was about 5.8% APR prior to a rule change in June 2021.

As part of a move to an outside servicer and in alignment with a 2019 OLA audit, Maryland529 sought to equalize the treatment of those using the WAT – and those using the rollover method. They standardize the calculation at 6% APR on contributions and balances prior to November 2021. For new

contributions and balances after that date, the calculation was tied to a 10-year treasury note updated annually.

In August 2021, Maryland529 sent a notice to all plan participants in accordance with Article IX of our contracts. Plan participants viewed this change as beneficial to all, because it was an upgrade and a standardization of the interest rate. For students going to school in-state, they would now receive additional benefits that had not been afforded to them before. For those rolling over their accounts (because their children were going out of state), the benefits would not be materially different.

However, something happened in the intervening months. Even though Maryland529 developed a 92-page set of business rules that was voted on by their board, reviewed by their actuaries (GRS), and implemented as written by their servicer (Intuition College Savings Solutions), Maryland529 stated that they saw irregularities. By sometime in April or May, they froze the payment of earnings claiming this was a technical error.

What we have learned is that this was no technical error, the board voted on October 27, 2022 to make further material changes to the Maryland529 contract in ways that detrimentally impact account holders. These contract changes devalued student account by between \$300 and \$500 million across all impacted accounts. Technical fixes do not require board votes, but contract changes do.

Maryland529 had myriad ways to fix this problem, but the methodology that has been cooked up by Nelson Mullins, a law firm with a reputation of brutal mistreatment of consumers, aids their coverup. Maryland529 is attempting to claim that the board vote in October 2022 is not a contract change – and that all of the changes were just little tweaks to the accounting rules. So this point is not missed, those tweaks to the accounting rules have devalued accounts by between \$300 and \$500 million across all impacted accounts.

As you can see, Maryland529 has not kept the interest of Maryland families at the top of their mind. They are in violation of their fiduciary responsibilities to plan participants and their beneficiaries. They have sought to repeatedly insulate themselves (and their reputations) from blame. They have attempted to state that parents just don't understand the contracts that we agreed to. This board is either unwilling or unable to act in the best interests of our children. That is why you must step in today.

SUGGESTED AMENDMENTS

Given the significant harms that have been done, I would like to suggest the following significant amendments to this bill. The General Assembly created Maryland529 and does have a clear responsibility to correct this issue.

I'd like to suggest four amendments to this committee:

1. First, the timeline and composition of the working group needs modification. I'd like to suggest convening the working group with a deadline for action no later than December 2023. The Working Group needs to have subpoena powers and include: the Maryland529 Executive Director, one member of the current Maryland529 board, a representative from the Treasurer's

office, a representative from the Comptroller's office, and two legislators - one from each chamber, as well as up to 4 Account Holders.

2. Second, Dissolve Maryland529 as an independent state agency, and have it fall under the Maryland Higher Education Commission or other appropriate state body. The agency has showed repeated inability to self-manage. This is simply the last and most egregious act of an institution with myriad problems and inadequate board oversight.
3. Third, Dissolve the Maryland Pre-paid College Trust. Doing so will require the distribution of not only the principal account holders have paid in, but all of the earnings of the fund equitably to all account holders. This should be close to the returns parents were shown not only in a December 2021 account letter but in various other official forms. At one time I believed this would be an extreme position, but given the repeated contract violations, this does appear to be the only viable option for the current prepaid program. Another may be formed, but the current Prepaid Trust must be dissolved.
4. Fourth, Dissolve the Maryland529 board as it would be unnecessary under the Maryland Higher Education Commission.

Thank you again for the opportunity to testify on this important issue. The General Assembly and the Governor are working together to prioritize education. Without action, parents and children in Maryland will be further statistics in the college debt crisis. Your actions today have the opportunity to counteract some of the horrible decisions that this agency has made over the past several year.

Thanks you,

Brian Savoie

Silver Spring, MD (District 20)

CSantos verbal testimony 2-22-23.pdf

Uploaded by: Cayetano Santos

Position: FWA

My name is Cayetano Santos Jr. I am a District 18 resident and have been an account holder since 2007. Thank you for the opportunity to speak today.

We relied on the information provided by the Trust in our December 2021 annual statement to help decide where our son would attend college. In early 2022, we contacted customer support and were told our account value. It was consistent with the revised definitions of minimum benefit and earnings for rollovers described in the Trust's August 2021 letter and our December 2021 annual statement.

In 2022, the Trust claimed that recalculations were needed to correct errors. These recalculations are the result of the Trust's reinterpretation of these definitions. This is effectively a retroactive policy change that significantly reduced account values. For us, the value of our 2-year plan dropped by over \$17,000 dollars.

Our son began attending a Maryland state university in the Fall of 2022. To date, we've submitted claims for the Fall and Spring semesters. Our reimbursement was not only below the minimum benefit, but based on the funds we've received, we will not even recover the full principal we paid into the plan! We have had to unexpectedly pull money from other accounts to pay for our son's education. The Trust is supposed to serve our children, not take away the hard-earned money we saved. The Trust is failing just when we need it the most.

The Trust is backed by a Maryland Legislative Guarantee. We respectfully request that you direct the Trust to credit families with the minimum benefits or rollover balances reflected in their December 2021 annual statements.

Thank you.

CSantos Written testimony 2-22-23.pdf

Uploaded by: Cayetano Santos

Position: FWA

February 22, 2023

My name is Cayetano Santos Jr. I am a resident of Montgomery County, MD (District 18) and an account holder with the Maryland Prepaid College Trust (MPCT). Thank you for the opportunity to describe the experience my family and I had with this program.

In 2007, we opened an MPCT account to help pay for our son's college education. We diligently and faithfully contributed into this account from 2007 until our last payment in October 2021. Since our son planned to start college in the Fall of 2022, we contacted MPCT customer support in early 2022 to better understand the value of our account and how we could receive our benefits. In particular, we inquired about the minimum benefit and were told a minimum benefit amount that was consistent with both our December 31, 2021 account statement and the revised minimum benefit definition in the MPCT August 2021 letter to account holders. We also confirmed with the MPCT customer service representative that our minimum benefit could be used to cover other qualified education expenses such as room, board, and books. The information provided by the MPCT to us regarding our account benefits was a critical factor in our decision as to where our son would attend college. I must emphasize that we exercised due diligence by reading the information provided to us in contract updates, letters, and annual statements and then confirming our understanding of this information with customer service representatives of the MPCT.

Our son began attending a MD state university in the Fall of 2022. To date, we've submitted claims for the Fall 2022 and Spring 2023 semesters' tuition, fees, and other expenses. However, the amount of money we've received from MPCT for each semester was not only below the minimum benefit we were promised, but based on the funds we've received to date, is less than the principal we paid into the plan! How can these actions be justifiable from a program guaranteed by the State of Maryland? We are at a financial loss because we have had to unexpectedly pull money from other accounts to pay for our son's education. The MPCT

is supposed to help parents when their children are ready to attend college, not take away their hard-earned money. It is appalling and unconscionable that MPCT is allowed to make families suffer financial hardship, stress and anxiety for their mistakes. At the moment, MD529 currently has excess funds. So to add insult to injury, MPCT has the means to help us but is unwilling to do so. The MPCT is failing our children just when they need the help the most.

In 2022, MPCT claimed that recalculations were needed to correct errors in how earnings are credited to accounts. This is not completely accurate. Recalculations are simply the result of MPCT's reinterpretation of the definitions of minimum benefit and earnings for rollovers. This reinterpretation is effectively a policy change being implemented retroactively on account holder earnings. This policy change has a considerable detrimental impact on beneficiaries and their families since these recalculations result in a significant reduction in minimum benefit and rollover values. For us, our account value dropped by over \$17,000 dollars for a 2-year plan. If the MPCT is allowed to make disbursements based on these lower recalculated account balances, we will not be able to use the full benefits that we relied on. We fulfilled our part of the contract; the MPCT needs to live up to their obligations. Now that our son is in college, we urgently need access to our full benefits that we are owed.

Please have the MPCT live up to their half of the contract, just as we and the many other families have done. The MPCT Disclosure Statement states the following:

Investments in the Maryland Senator Edward J. Kasemeyer Prepaid College Trust are **backed by a Maryland Legislative Guarantee. In the event that the Trust ever experiences a financial shortfall, Maryland law requires the Governor to include funds in the State budget to allow the Trust to pay your full Benefits.** As with the entire State budget, the Maryland General Assembly has final approval.

I respectfully request that the Maryland General Assembly require the Board of the College Savings Plan of Maryland to honor the December 2021 annual statement balances

provided to account holders, plus all appropriate interest accrued after December 31, 2021. The funds used to credit these accounts should be taken from the program's surplus of \$355.6 million dollars (as of June 30, 2022). This should be done in time to allow families to receive their full benefits before Fall 2023 tuition payments are due. If the program's surplus funds are insufficient, the Governor should include in the state budget the remaining amount needed to reimburse the account holders and the General Assembly should approve this appropriation.

Thank you.

Cayetano Santos Jr.

Testimony SB 425 - C Moss Herman 2-22-2023.pdf

Uploaded by: Cheryl Moss Herman

Position: FWA

**TESTIMONY of Cheryl Moss Herman Regarding
SB 0475, Workgroup on the Maryland 529 Prepaid College Trust Program
Before the Maryland Senate Education, Energy, and the Environment Committee
February 22, 2023**

Good Afternoon, Chair Feldman, Vice Chair Kagan, and Members of the Committee. My name is Cheryl Moss Herman. I am a resident of District 15, represented by Senator Feldman, but live close enough to the district line that my children attended elementary, middle, and high schools that were in Senator Kagan's District.

I am here today to share my views on SB 0475, which I support, but with significant amendment towards an equitable and timely solution to the harm caused to Account Holders from across Maryland by the missteps, mistakes and mismanagement of the Maryland Prepaid College Trust.

I purchased Prepaid accounts for both of my daughters, now young adults, in 2001 and 2004 and paid off each account over a number of years. I assure you that I understood the terms of what I purchased, including the actuarial projections of Trust investment earnings and of future college tuition costs used for price setting.

I also understood the changes proposed in 2021 and spent a great deal of time trying to understand the value of my younger daughter's account as she was selecting colleges in Spring, 2022. The difference between the Minimum Benefits estimate provided to me in May, 2022 and the recently received "Manual Report" is over \$50,000, or a decline in benefits of almost \$6,000 per semester. That is why I am here today.

The recent chapter for the Maryland Prepaid College Trust (MPCT) began on June 25, 2021, when the Maryland 529 Board approved the rate of return for minimum benefits, rollovers and refunds to be the Trust's since-inception rate of return as of June 30, 2021 -- 6% -- for balances held PRIOR to November 1, 2021. Contributions received on/after November 1, 2021 would receive the 10-year Treasury Note rate. These rates and calculation changes would go into effect on November 1, 2021.

The November 1, 2021, date of the change coincided with the transition from self-management of the MPCT to management by a third-party Program Manager, Intuition.

Prior to this change, the calculation used for a rollover or refund used MPCT's since inception rate of return to attribute earnings to the balances in an account. According to Maryland 529, this has been between 5% and 6% in the seven years prior to 2022. However, those account holders who were requesting Minimum Benefits, had their benefits calculated as contributions made under their contract plus a rate of return equal to a monthly rate of return of a U.S. Government Security with a constant maturity of one year minus 1.2%, with a floor of 0%. From

November 2008 to June 2017, the rate of return associated with the Minimum Benefit calculation was 0%.

A driver for the change was consistency and fairness -- for MPCT to align calculations for Minimum Benefit with calculations for rollovers and refunds so that an account was not worth more when it was rolled over or refunded than it was when it was used as intended.

In August 2021, MPCT announced to Account Holders the transition of operations to Intuition and provided Account Holders with a supplement that amended the prior December 2020 Disclosure Statement that had also been amended in April 2021. The changes, as noted above, would become effective on November 1, 2021.

The amended Disclosure language for says:

"For Accounts in existence on October 31, 2021, contributions in your Account prior to October 31, 2021 will earn 6% on balances, compounded monthly, until Benefits are withdrawn, or your Contract is terminated.

Contributions made on or after November 1, 2021, will accrue regular interest each year, compounded monthly, at a rate equal to the 10-year Treasury note rate. The Treasury note yield applicable to the Account contributions will be updated annual with the June 30th number."

For seven semesters, I successfully used my in-state benefits for my older daughter, a 2022 graduate of the University of Maryland - College Park. However, after the August 2021 changes to the disclosure went into effect on November 1, 2021, I realized we had value in the account above what would be needed for the final tuition payment. I called Maryland 529 to find out how to preserve that value and was told three different things – from the value will disappear when the final (8th) semester is paid to it will be available for an additional ten years. I was also advised each time that the most secure way to preserve the value would be to roll it over to the Maryland College Investment Plan(MCIP). Instead of rolling the dice on the what would preserve the value, I executed a rollover to MCIP.

The MPCT initiated the rollover as I requested and canceled my account on February 25, 2023. By mid-March, concerned that the money had not appeared in my MCIP, I began daily calls to both MPCT and MCIP to find the money. One day, the check from MPCT with my funds arrived at my home by mail, with a note from MCIP that the check was made out improperly and therefore rejected.

That's right. The MCIP rejected the check from MPCT – both are part of the same organization, Maryland 529.

I did not see anything improper about the check. After a number of phone calls, I returned the check to MCIP and it was deposited into my daughter's MCIP account. I was told that the

“documentation” for the check was the issue. When I received the paperwork from the Prepaid, I could see why: the rollover of about \$14,000 had earnings of over \$29,000 reported for it. That. Can't. Be.

It seems that my first account may have been one of the “canary in the coal mine” accounts. I was told that Maryland 529 staff was noticing discrepancies in the application of interest that required a programming fix. It was shared that the new earnings calculation was not only being applied to monies that remained in the account, but also to historical balances that had been distributed. That seems consistent with the account statement I was provided at the time of the rollover.

Additionally, a background document provided by Maryland 529 to the General Assembly in summer 2022 corroborates this error. It describes the calculation issue (page 4), “...the new earnings calculation, which increased the interest rate payable under the Minimum Benefit calculation, was not being applied to just the balances held in an account as of the transition date, as called for by the disclosure Statement, but rather to historical account balances that had long-since been distributed. As such, funds were being distributed with earnings calculations that were attributable not to the basis portion of that same distribution, but on past balances no longer held by the Trust.”

Upon discovery of the programming error, MPCT froze the application of earnings on accounts in April, 2022 while they investigated and attempted to correct what they described as a “technical error” that occurred during the November 2021 transition to a third-party program manager, Intuition. The freeze also resulted in all FAFSA (Federal application for financial aid) values now being displayed in an account’s online portal at the level of contributions only.

During the Spring of 2022, many Account Holders, myself included, relied on the balances shown on the end-of-year 2021 statement and estimated calculations done for them by MPCT upon request when making financial choices related to their student’s college education. For many, including me, this information played directly into their affordability calculations and the choice of in-state versus out-of-state colleges.

My second account, for my then high school senior, showed a FAFSA value of more than \$85,000 with the added earnings per the 2021 policy change. I reached out to the Prepaid Trust multiple times from December, 2021 through February, 2022 to try to ensure I knew the balance of monies I saved for my daughter’s college education. I received confirmation of the end of year FAFSA value and its relationship to the Minimum Benefit multiple times in that timeframe.

But by the end of April, 2022, with college decisions looming, the MPCT representatives refused to share the value of the Minimum Benefit for my own Prepaid account with me. This information was key to learn before my daughter had to make her college section by May 1. This is when I reached out to my legislative delegation for help.

The availability of these funds were a critical part of our discussions that resulted in her deciding to attend an out-of-state university.

Thanks to intervention from Senator Feldman's office, I was provided a phone estimate on April 21, 2022 by Ms. Traci Ornella of Intuition -- in time to consider the financial implications as my daughter selected a college. The estimate was for over \$87,000 with a semester Minimum Benefit of almost \$11,000 per semester. During that phone call, and subsequent calls, we also talked about the methodology for calculating the Minimum Benefit, with the 6% interest applied to contributions from the time they were made until the monies were withdrawn. During the April 21 call, I asked for the estimates in writing.

On May 18, 2022, I received a phone call from the then MPCT Executive Director, Erin Layton, during which the Minimum Benefit estimate was confirmed. We also discussed the 6% since contribution methodology for calculating earnings. Ms. Layton shared that she was approving a letter to be sent to me with my requested Minimum Benefit estimates. [That letter also addressed new calculations for the rollover of my older daughter's account that was completed in Feb/March 2022 that initially had an incorrect interest calculation.]

On May 19, 2023, I received the letter from Ms. Ornella, as approved by Ms. Layton and discussed with me the day prior. Both of the phone calls (Ornella and Layton) included estimates that calculated interest from the time of contribution as well as specific discussions of how the earnings were calculated at 6% on contributions from the time of contribution until dispersed. The May 19, 2022 estimated amount is similar to the end of calendar year 2021 statement FAFSA value. As noted above, it included an estimated Semester Minimum Benefit of almost \$11,000 per semester - a significant amount above the approx. \$5300 per semester weighted average tuition benefit.

It is important to note that neither the freezing of interest application or the change in the online FAFSA account value were shared broadly with Account Holders for months. Maryland 529 notified Account Holders of the April, 2022 suspension of interest earnings on August 29, 2022 -- a full four months after that suspension was initiated and as Account Holders were filing for benefits for Fall 2022 tuition and qualified education expenses. Unless an Account Holder reached out specifically for an estimate of benefits or a rollover or refund, or inquired about the change in the online FAFSA value (long after most had filed the FAFSA form), the interest calculation freeze was not widely known.

I was not yet concerned about the 'technical issue' for my younger daughter's account because it was described as only affecting accounts that had prior distributions and each and every call I had included a discussion of the earnings methodology that was to be applied to my account.

The initial target for the recalculations to be completed was June, 2022. However, MPCT hired auditors in that timeframe and elected to have the recalculations reviewed by the auditors, pushing the new deadline to August, 2022. That was later revised to September, 2022.

For those Account Holders with students attending out-state-colleges in Fall 2022, this meant that Account Holders were only able to access the weighted average tuition (WAT), not the greater of WAT or Minimum Benefit, as described in the Disclosure. It also posed issues for Account Holders who counted on their excess benefits for other qualified education expenses and those whose students were graduating and will not have costs against which to take future distributions.

In September, 2022, Mr. Savia became the new Executive Director (the third in as many months) and during a Board meeting and a Townhall, acknowledged that the interest calculation issues were on-going and promised an update by October 31, 2022. He also established a process for identifying and prioritizing manual calculations of accounts through an Account Support Request form.

On November 7, 2022, Maryland 529 informed Account Holders that on October 27, 2022, the Board voted on “a number of initiatives” aimed at providing accurate account values. The communication specifically noted a change from a “net contribution” method to a ledger balance method. Account Holders do not know what other “initiatives” were discussed and voted on at that meeting.

The November 7, 2022 Maryland 529 update also provided a projected timeline, which had the manual recalculations 100 % complete by the third week of December. This timeline should have allowed Account Holders to access their semester Minimum Benefit for Fall 2022 before the end of tax year 2022.

A December 12, 2022 Update from Maryland 529 said, in part, “The manual calculation process is underway and work remains ongoing to test and validate an automated process for the calculation across all Accounts. Our next step is to contact each Account Holder who submitted an Account support request form to advise on next steps.” The update directs Account Holders to FAQs on the Maryland 529 website, which included the prior timeline with the third week of December as the target completion date for manual calculations.

As far as we are aware, no manual calculations were completed and earned interest made available in 2022. This means that Minimum Benefits for Fall 2022 were not available in calendar year 2022, which would have enabled the matching of expenses and distributions in the same calendar year for tax purposes.

On January 6, 2023, an MPCT update introduced a new implementation approach where the 6% earnings are only applied to balances in your account on Oct 31, 2021. That update says, in part, "In the process of distributing these additional earnings (which ironically stem from an increase to percentage of attributable earnings effective November 1, 2021), the calculation was inaccurately reported and had to be corrected in compliance with the Board approved Disclosure Statement (which has always been publicly posted on our website at: https://maryland529.com/Portals/0/Files/MPCT_Disclosure_Statement.pdf)."

Additional explanation is provided via a slide deck linked to the update: Prepaid College Trust Public Update_1.6.23.pdf (maryland529.com). Page 12 indicates that for contributions made prior to Nov 1, 2021, the interest rate at the time (which was effectively zero from November, 2008 to June 2017) would be applied and the 6 % would be applied to balances in place on Oct 31, 2021 and, for these accounts – those that were in existence on October 31, 2021 -- thereafter.

This January 6, 2023 methodology change yields drastically different account values for Account Holders than shown on the 2021 end-of-year statements. Each Account Holder will not realize tens of thousands of dollars of earnings that they were previously expecting and counting upon. I also believe it is not consistent with the intent of the Board in June 2021 as it decreased the value for rollovers and refunds, which may not be allowed by the contract.

Based on discussions many Account Holders, including me, had with MPCT leadership and contractors and estimates received along the way, this change in approach is an unwelcome surprise. It is also surprising given the reference to interest calculations described in the Actuarial Soundness report included in the Maryland 529 2022 Annual report [2022_MD529_AnnualReport_FINAL.pdf (maryland529.com)]. On page 18, the actuaries who reviewed the actuarial soundness of the MPCT say the following (*italics added for emphasis*):

"Beginning November 1, 2021, the same interest crediting will be used in calculations performed for the Minimum Benefit, rollovers and refunds. Interest will be credited on contract payments made to the Trust prior to November 1, 2021 at the since inception rate of return as of June 30, 2021 (6.00 percent) for periods both before and after November 1, 2021."

The actuaries conducting the soundness report understood that the 6% was to be applied to contract payments before and after Nov 2021 – and – the assumptions in their report were included in the Annual Report and not disputed by comment or footnote.

Importantly, the actuaries determined that MPCT is actuarially sound if the 6 % interest is applied to contributions made prior to November 1, 2021 from the time of the contribution.

The January 6 update has confused matters considerably. I and hundreds of Marylanders relied on the 2021 information to make financial decisions related to our students' college education.

For me, the difference between the greater than \$87,000 estimate I received by phone on April 21, 2022 as my family was making college choice, which was confirmed by Ms. Layton on May 18, and as approved by Ms. Layton, in writing by Intuition, on May 19, 2022 and the manual calculation reports I received on January 23, 2023 (and inexplicably again on January 31 and February 8) is over \$50,000. That is, the Minimum Benefits calculated by the January 6, 2023 methodology is over \$50,000 less than the estimate previously provided – or about \$6,000 per semester less. College decisions were made on the initial estimate, causing us to have to find \$6,000 per semester elsewhere.

Changing the rules retroactively in the “middle of the game” presents significant hardships related to college funding that are contrary to the objective of the Maryland 529.

This is unacceptable to me -- and should be unacceptable to you. As a State-legislature backed program, both transparency and accuracy should be paramount.

Account holders relied on this Maryland state agency to help them plan for college. This state agency failed me and thousands of others from across the state. Our families and our students deserve better. We need your full engagement soonest to make this right.

Those principles of consistency and fairness that were the basis for the June 2021 change in the interest rate calculation should carry forward to discussions about current status and future actions and solutions this legislative session.

I stand ready and willing to sit down with you, the Governor’s office, and the Maryland 529, to forge a fair and whole solution that helps the Maryland 529 meet its intended objectives immediately.

Thank you for allowing me to share my views.

Cheryl Moss Herman
2419 Stratton Drive
Potomac, MD 20854
301-728-6677

MGA_MD529_Testimony - Google Docs.pdf

Uploaded by: Christine Wesselhoff

Position: FWA

Corinna_Loeckenhoff_Testimony_SB0475.pdf

Uploaded by: Corinna Loeckenhoff

Position: FWA

We are testifying to voice our deep concern about the decision of the Maryland Prepaid College Trust (MPCT) to recklessly change the contractually stipulated procedures for rollover calculations. This has completely erased the interest (amounting to about \$40,000 in interest earnings) that our accounts had accumulated over the past 14 years. We are shocked that the MPCT is trying to pass off this blatant breach of contract as a “miscalculation” and scared that the MPCT is currently preventing account holders from even accessing their principal investments! Our son will be starting his college applications in less than 2 years, we need a fast resolution. Please pass SB475 but change the due date for findings and recommendations to an earlier date – account holders need answers now!

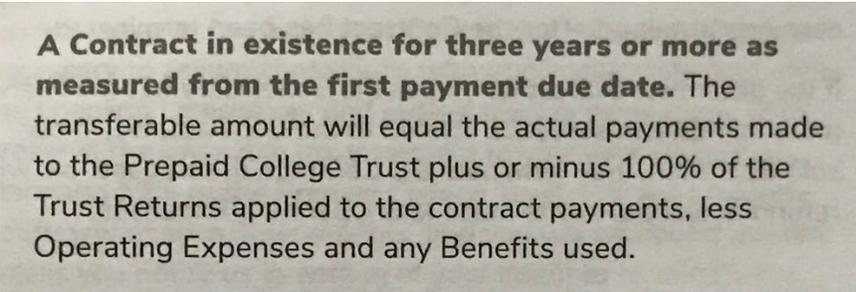
Below is a full explanation of our situation:

When our son (now 15 years old) was born, we were living in Baltimore. To prepare for his future, we set up two accounts with the (MPCT), one through myself and one through my husband, to cover 2 years of university each. Both accounts were fully paid off as of 2009.

We opted for this investment option as a hedge against rising tuition costs and with the confidence that the Maryland Legislature was required to backfill any shortfalls in the Trust in the future.

We later moved from Maryland to New York for professional reasons, but we opted to retain our existing accounts with MPCT. We made this decision because the yearly account disclosures clearly indicated that we could always roll over our account to another qualified tuition program.

At the time we opened the accounts, the conditions for rollovers were described in the disclosure statements as follows:



A Contract in existence for three years or more as measured from the first payment due date. The transferable amount will equal the actual payments made to the Prepaid College Trust plus or minus 100% of the Trust Returns applied to the contract payments, less Operating Expenses and any Benefits used.

This specific language was last included in our 2020-2021 Disclosure Statement, page 7, Article VI: Rollovers and Refunds.

All documents leading up to and including the 2020-2021 Disclosure Statement (page 3, Article II: Definitions, §29) defined Trust Returns as follows:

29. Trust Returns means the since inception rate of return for the Prepaid College Trust. The date of inception is December 31, 1998 and the since inception rate of return is updated quarterly by the Prepaid College Trust's investment advisor. Trust Returns are used to calculate Rollover Distributions and refunds as described in Article VI of this Disclosure Statement.

Over the years, we carefully monitored the Trust Returns and determined that they were at least as favorable as the returns that we saw in the NY 529 College Saving plan that we had set up for our son's younger sibling. Therefore, we saw no reason to initiate a rollover before our son had settled on a college.

In August 2021, we received notifications from the Prepaid College Trust of significant changes to the administration of the Trust. Among other changes, the updated Disclosure Statement dated August 2021 notified us that Intuition College Savings Services, LLC (Intuition) was taking over as program manager and that there would be changes to the methodology of calculating earnings for minimum benefits, rollovers and refunds.

Specifically, the August 2021 document describing updates to the trust disclosure statement included the following language about rollovers (page 5, Article IV: Rollovers and Refunds):

Article VI – Rollovers and Refunds (p. 10)

In an effort to simplify the Benefits available under the MPCT and create an ease of understanding and use by Account Holders, one calculation will be used for the Minimum Benefit, rollovers and refunds. Contracts held less than 3 years will receive 50% of the earnings. Contracts held greater than 3 years will receive 100% of the earnings from the calculation.

Earnings for Rollovers and Refunds

Accounts in existence on October 31, 2021:

For Accounts in existence on October 31, 2021, contributions in your Account prior to November 1, 2021 will earn 6% on balances, compounded monthly, until benefits are withdrawn, or your Contract is terminated.

This indicates that in order to calculate the compound interest since the inception of our accounts, any future rollovers would no longer rely on the variable "Trust Returns" rate that was specified in the previous contracts but instead use a fixed rate of 6%.

Our December 31, 2021 MPCT Annual Statements were consistent with this interpretation and showed a FAFSA reporting value over \$38,000 for each of our two accounts. This is consistent with a 6% rate of compounded interest for a principal of about \$18,500 paid off by summer 2009.

With this confirmation, along with the expectation that our funds would continue to grow at 6%, compounded monthly, we felt assured that our early commitment to college savings had paid off and our son's education (he is expected to start college in 2025) was taken care of.

Therefore, we were surprised when reading our December 31, 2022 statements which no longer included a FAFSA value. We were even more concerned to see that the FAFSA values reported in our online account profiles had been reduced to the exact amounts that we had paid into the Trust in 2009. Without any warning and just 2.5 years before our son starts college, our funds for his education suddenly appeared to be less than half of what were led to expect - with zero interest whatsoever over 14 years of investment in the trust!

Upon further research, we discovered that the Trust had stopped rollovers and the crediting of any amount of interest to account holders. Most shocking, those seeking to use their funds to pay tuition were delayed and manual calculations were required. We have continued to follow this developing situation (including the numerous hearings and the resignation of the Maryland 529 Board Chair Peter Tsirigotis) in disbelief and deep concern.

Make no mistake, this is not a question of "miscalculations". From discussions with many other affected parents, we know that for decades, the MPCT completed rollovers exactly as described in our original contract (i.e., principal PLUS interest based on Trust Returns). What we're seeing now is either catastrophic mismanagement or a deliberate attempt to deprive account holders of their earned interest.

We request your immediate assistance for us and the thousands of other account holders who are in a similar position. Please pass this bill and advance the due date. MPCT account holders can't wait until June 2024 for answers.

Corinna Loeckenhoff

Written Testimony.pdf

Uploaded by: Donna Dorman

Position: FWA

Written Testimony

Submitted by: Donna L Dorman

We purchased two 4 year plans in mid 2000's. We understood the terms of the contract that the plan would pay for in state tuition, with an option to rollover funds into another college savings plan. As our sons entered high school, we requested three separate valuations. Each valuation showed a current value commiserate with the earnings calculation others have described. When our first son reached college age, we executed a rollover into the MD 529 savings plan through T rowe price and received an amount that reflected this earning calculation.

The story changed two years later when our younger son began to make his college decisions. With our son's high credentials, we were shocked that he was denied admittance to our own instate school system. But, we were overjoyed at his acceptance to another BIG10 School, albeit out of state. We were not concerned by the tremendous tuition differential between in state and out of state because of the previous valuations we had obtained, and by the derivative nature of the fact that our first son's actual rollover amount was consistent with the earlier valuation letters.

Our 12/31/21, statement further reassured us that an out of state school choice would be financially possible. It too, showed a valuation commiserate with the prior valuations. Just as I had done with our first son, I called MD 529 in spring of '22 to request the beginning of the rollover process. We were given the same lines that others heard—not available, but call back in a few weeks. When I inquired about the accounts valuation, I was told to reference my 12/31/21.

I was told, in unequivocal language, "your balance will never be less than the amount on your 12/31/21 statement". Armed with that information, my son committed to an out of state Big10 school.

From there, our story is much like the others—I called multiple times, each time being told to call back in a few weeks. Finally, In August, I was told that we couldn't initiate a rollover but we should withdraw a principal amount less than our initial investment to cover our son's first semester. Hopefully, the rep said, the situation would be resolved mid fall and we would be able to rollover the funds to the MD investment plan.

As we know now, the rest is history. The valuation that we have received is tens of thousands of dollars less than our 12/31/21 statement. Our son is currently enrolled in an out of state school. The monies that we had planned for and been assured that we could rely on have been swept out from under us. We need your help and the time to act is now. We ask that our account valuation be restored to at least the level of our 12/31/21 statement so that we may elect the rollover option as allowed.

SB 475 Testimony.pdf

Uploaded by: Elena Paoli

Position: FWA

February 22, 2023

My husband and I are longtime accountholders of two Maryland 529 prepaid accounts. We purchased a four-year plan in 2004 and a second four-year plan in 2009 for our two daughters. Since purchasing the plans in lump sums, we had no reason to review the yearly contracts and disclosure statements and had no reason to doubt that the funds were secure and well-managed.

Our older daughter is a freshman at Wake Forest University, and last summer I was able to have the prepaid fund ("Fund") send the weighted average tuition ("WAT") to Wake. Shortly thereafter, I learned that accrued interest on the WAT was being withheld because of "problems with interest calculations." Nevertheless, in the fall, I was able to have the Fund send the WAT to Wake for Spring 2023 tuition.

We do not have a sympathetic story, like many other Maryland residents. We did not rely on elevated, but incorrect, account values when choosing a college or filling out financial aid forms. But, as Maryland residents and account holders, we are horrified that the Fund has for many years been mismanaged, leading to the problems it has today. In the past few months, we have learned how the Fund has had a slew of Executive Directors who have quit after a short time. We have read the 2019 Audit, which details extreme mismanagement, including prior interest rate calculation errors and worse. And we have learned that in 2021, 6% interest was applied to rollover accounts retroactively to the inception of accounts, seemingly at odds with what a prepaid account was intended to be. And now, similar promises of 6% interest on existing accounts is not being honored. At a minimum, current and noncontroversial earned interest should be given to all account holders who are currently in the distribution phase of the prepaid plan.

We are very concerned that these many years of mismanagement went seemingly unnoticed by the Maryland Legislature. We are also very concerned that account holders are being treated differently, where some people were able to cash in on the wrong, elevated account amounts, while most of us have not been given the minimal interest we were expecting.

How can anyone have confidence in the MD Prepaid 529? The Fund has failed to calculate rollovers correctly. The Fund has failed to pay out the actuarial surplus since 2014. Going forward, who will verify that the software is working and the calculations are correct?

The oversight board has failed its oversight responsibilities and has hired incompetent or poorly skilled individuals to run the trust multiple times.

Tony Savia has repeatedly said the running the trust is complicated; maybe that's because he doesn't have a software or finance background. Based on his recent actions, he sees a budget and wants to spend it by hiring lawyers and crisis consultants and planning a retreat.

It's time to protect the people who put their trust in the Fund and in the state of Maryland.

Elena Paoli and Michael Lynn

2_21_23writtentest.pdf

Uploaded by: Emma Yang

Position: FWA

My name is Emma Yang, and I paid a lump sum of \$39,048 in 2011 into the Maryland 529 Prepaid College Trust (MPCT) for my grand-daughter. The FAFSA reporting value of \$72,289 for my account in the December 31, 2021 MPCT Annual Statement is consistent with the new changes as stated in the August 21, 2021 Disclosure Statement to go into effect on November 1, 2021. My grand-daughter aspires to be an audiologist, and she decides to go to an in-state university for her undergraduate studies in Fall 2022, knowing that she will have money for the graduate program in audiology in the future. In 7/2022, just before her Fall 2022 semester, according to MPCT her account value is \$40,875. What happen to \$31,000?

MPCT claims a calculation error; it is NOT a calculation error. The December 2021 account value of \$72,289 corresponds with the principal balance of \$39,048 with about 6% investment return since 2011 as the original contract states.

My grand-daughter needs her money NOW that Spring 2023 has started. Waiting until June 2024 is too long and too late. She needs access to her earnings to pay for room/board and books and other qualified higher education expenses.

Help her realize her dream to be an audiologist. I challenge you all as members of the EEE Committee to solve the problem. Here are suggestions:

1. As stated, "For Accounts in existence on October 31, 2021, contributions in your Account prior to October 31, 2021 will earn 6% on balances, compounded monthly, until benefits are withdrawn, or your Contract is terminated. Interest credited after October 31, 2021 will be based on the 10-year Treasury note rate as of June 30, compounded monthly."
2. Unfreeze earnings.
- 3 Investigate root-cause analysis to prevent future fiasco like this one.

Maryland Senate.pdf

Uploaded by: Francois Guimbretiere

Position: FWA

Dear Members of the Assembly,

Please pass SB0475 and help Maryland Prepaid College Trust (MPCT) account holders such as our family who are set to lose tens of thousands of dollars as a result of catastrophic mismanagement and breach of contract. When we prepaid the accounts for our son 14 years ago, our contract clearly stated that we could EITHER claim the years of tuition OR roll over our funds into another college savings account and receive the principal plus or minus 100% of the trust returns since inception. Over the years, we noticed that the rates of tuition did not rise as much as we had expected, but we felt safe in the knowledge that our interest continued to accumulate – given that the trust returns were well above 5% in most years. Our 2021 account statements showed that our investment had paid off and our accounts were now worth more than twice the principal amount we had paid in. Imagine our shock when we learned that as of 2022 the MPCT suddenly stopped crediting the promised interest to account holders and even stopped processing rollovers altogether. Some account holders could not even access their principal! This is not a simple “miscalculation” due to mismanagement! The decision to stop paying out the promised interest as part of rollovers is a clear breach of contract.

Please pass SB0475, investigate the rampant mismanagement at the MPCT and restore the original terms of the contract regarding rollover calculations. Also, please change the due date for findings and recommendations to an earlier date. Our son will be writing his college applications next summer – we need to know NOW how and when we will be able to access our rightful earnings.

Respectfully,

Francois Guimbretiere

SB0475 Testimony.pdf

Uploaded by: Gregg Weinberg

Position: FWA

Dear Committee Members:

I am in favor of SB0475 (with amendment to shorten the time period)., We can not stress enough how important it is for the State of Maryland to make things right and honor our Maryland 529 contracts! The 2021 FAFSA values were correct and were not the result of a "calculation error". I, like thousands of other account holders, relied not only on that value but also on our contracts which provided account holders with the option of rolling over their contributions plus investment earnings (less an admin fee). The 2021 FAFSA value provided in our annual notice was consistent with this calculation. This is not a money making venture for the State of Maryland. We are contractually (and morally) entitled to our contributions plus investment earnings. Despite a pledge to be "transparent", Maryland 529 has been anything but. They have not provided sufficient notice about this issue to the account holders at all. It has been all smoke and mirrors. It is not that complicated. It is time to put some "Trust" back into the Maryland Prepaid College Trust!

Heather Boley Senate Hearing ORAL testimony.pdf

Uploaded by: Heather Boley

Position: FWA

Thank you for giving us an opportunity to share our stories today. My name is Heather Boley, and I am from District 27B.

We have a student debt crisis in our country in which students collectively owe \$1.76 trillion.

Our family took steps to prevent that for our children by enrolling in MD's Prepaid Trust Plan. On February 2022, my daughter was told she had \$94K saved for college. Based on that she decided to enroll at her first choice college, Pitt University. In January 2023 she was told she has less than ½ of what was promised. We are now part of the student debt crisis which she could be saddled with for the next 20 years.

To compound our problem, based on the recent recalculation, her sister will face the same situation this coming fall and her brother will face it in the summer of 2025. Like many others, we sacrificed putting money away for our children so they would be able to attend college without accruing major debt. I am a single mother of 3 and work for PG County Public schools. I do not have the luxury of time nor the funds to change how I save for my kids' college. I entrusted that we were backed by the State of Maryland and that my children would be ok.

I don't feel that way anymore. Instead, I feel fear about the financial future of my children, and as though I'm witnessing a train wreck that I don't know how to stop. I am not alone!

To make this right, we need Maryland to honor its commitment to resolve this crisis. We need our rollover values restored to what was stated on our contracts since inception of the plan in 1998, which is that our Rollover distribution amounts would be equal to all contributions plus or minus 100% of the Trust's investment earnings. This practice has been the precedent set for over 20 years. We need our December 2021 statement values honored as THAT statement was in line with Pre-Paid's contractual terms, AND we need action now!

Thank you!

Heather Boley Senate Hearing Written Testimony.pdf

Uploaded by: Heather Boley

Position: FWA

Thank you, Senators, for giving us an opportunity to share our stories today. My name is Heather Boley, and I am from District 27B.

We have a student debt crisis in our country in which students collectively owe \$1.76 trillion.

Our family took steps to prevent that for our children by enrolling in MD's Prepaid Trust Plan. In 2005, we opened 2 MPCT accounts for our 1-year-old daughter and newborn daughter anticipating that they would be attending college in 2022 and 2023. We opened a 3rd account in 2007 for our son who we anticipated attending college in 2025; we knew we would have exorbitant costs paying for 3 kids in college all very close in age, so we planned accordingly. In the December 31, 2021 statement as well as a copy of the account information we requested in February 2022 it was confirmed that the total of all 3 accounts had a reporting value of \$271,751.02. A breakdown of all the accounts showed that my daughter, Abby's account had \$94,650.81; my daughter Megan had \$91,697.60; and my son Ryan had \$85,516.84. We felt assured that the money was safe and available for our children to attend college and graduate debt free.

When our oldest daughter, Abby started the process of selecting colleges, we relied on the FAFSA reporting values provided to us. Again, we called MPCT and it was confirmed in February 2022 that Abby had \$94.6K in her account which could be rolled over to the Investment Plan and used to pay both tuition and room and board costs. We knew that with the scholarship money she received from Pittsburgh along with the fact that she had accrued enough college credit from high school to graduate in 3 years versus 4, we could make it work with our budget. It was after several discussions and reviewing the college cost spreadsheets that Abby committed to Pitt.

In August 2022, Abby started her first year at Pitt, and we called at that time to have the rollover initiated. However, it was then that we learned our funds were frozen due to a system wide update. We were told the issue would be resolved in September, then November, and so on. We were told our funds were safe. During this time, we submitted a service request for a manual calculation for Abby's account as her account was considered a priority case. We then submitted a payment request as we were late on her fall payment, and MPCT made one payment of ~\$5K; leaving us with a remaining balance of \$12K for tuition/room and board costs. We continued to delay payment for her fall semester in hopes that our remaining funds would be unfrozen; however, that did not happen and my daughter's college account went to the collections department and a hold was placed on it. This meant her transcripts and grades could not be accessed, and we were told Abby would be disenrolled from Pitt if the balance was not paid in full. Therefore, we had to borrow money from her grandparents who used funds from their retirement reserves to pay the remaining balance of \$12K. Several weeks later, we received her spring bill of \$17K. Although our manual calculations had been completed by this point, our earnings had been retroactively changed so that her original balance of \$94.6K was no longer available; now it was reported she only had \$35K to cover her next 5 semesters. We had to borrow more money from her grandparents to cover the balance of the bill. We continue to wait for a resolution to our dispute of this recalculated amount.

Included in Abby's individual manual calculations was also the total of all 3 of the accounts we have in MPCT; which showed we only have \$120,103.21 for our 3 children's college trusts. This is roughly \$151.6K less than what we were told we had in February 2022. We sacrificed putting money away for our children so they would be able to attend college without fear of accruing major debt. Now, I fear my kids will all accrue massive debt just as they are entering young adulthood, and will be yet another statistic added to our student debt crisis in America. I am a single mother of 3 and work for PG County Public schools. My oldest will be a college sophomore next school year, my second daughter will be a college freshman attending Towson this Fall, and my son will be attending his first year of college in the fall of 2025. I do not have the luxury of time nor the funds to change how I save for my kids' college. I entrusted that we were backed by the State of Maryland and that with responsible decision making, my children would be ok.

I don't feel that way anymore. Instead, I fear for my children's financial future. It's as though I am about to witness a train wreck and I don't know how to stop it. The stress and anxiety created by this mess has consumed my life and my children's lives.

I am only one story of many. The parents I've talked to feel very much like me. They are scared and have spent countless hours outside of working full time jobs to try and fix this for our kids.

To make this right, we need Maryland to honor its spoken and unspoken commitment to resolve this crisis. We need our rollover values restored to what was stated on our contracts since inception of the Trust in 1998 through 2021, which is that our Rollover distribution amounts are EQUAL to all contributions plus or minus 100% of the Trust's investment earnings. This practice has been the precedent set for over 20 years. We need our December 2021 statement values honored as THAT statement was in line with MPCT's contractual terms, AND we need action now!

Thank you,

Heather Boley

Heath75@aol.com

703-608-0292

Howard Griboff Testimony SB0475 02.22.23.pdf

Uploaded by: Howard Griboff

Position: FWA

To: MD Senate Education, Energy, and the Environment Committee

From: Howard Griboff, District 17

Date: February 22, 2023

Oral and Written Testimony on SB0475,
“Workgroup on the Maryland 529 Prepaid College Trust Program”

Good afternoon Honorable Senators,

We have a contract, it includes our 100% investment earnings owed via Rollover, it is clear and it IS binding. Please do not let us wait until June 2024 for a Workgroup to forensically investigate the actions of the MD529 MPCT Board. It only takes 1 edit and these 4 words: “applied to prior years” to restore to all policy holders the value accrued and owed at the time of the offending contract change for Rollovers. This will fix 98% of all the damages that the current Trust participants are experiencing. Make MD529 honor our contracts, restore the correct calculations, and release our investment earnings owed. Today. Before any more harm is done. Thank you.

Jack McCarty - SB 475 Testimony - Submitted.pdf

Uploaded by: Jack McCarty

Position: FWA

Testimony for Bill 475

Date: February 22, 2023
Submitted By: Jack McCarty

Good Afternoon. My name is Jack McCarty. I hold three Maryland Prepaid College Trust policies purchased in the early 2000s for my 2 children. Like the other policyholders in this room, I closely followed the changes and developments regarding the 529 Trust. During the testimony to the legislature, I was forced to bite my tongue as 529 Trust Executives provided incorrect information. I would like to set some records straight. I am grateful for the 2 minutes we are given, but please keep in mind that the repercussions of recent actions taken by the 529 Board and Executives will last for decades.

The debacle that is today's topic is not a "Calculation Error." Instead, it is a result of a change in contract wording. The 529 Executives implied that we mistook the purpose of the 529 and it should not have been viewed as an interest-bearing account. I want to state that despite the director's condescending opinion, we are not naïve and knew what we were buying. When the accounts were opened, we had no idea the type of education our children would pursue. With this in mind, we were very aware of Articles VI and VII, which contained an option for a rollover into another College Investment Plan. This was an essential selling point when making those investments.

The 529 Executives said this was a 4-6 month issue and compared it to someone receiving 1 incorrect bank statement showing millions of dollars. Again, this is incorrect. Leading up to a college decision for my daughter, several times we checked the value of all our accounts by submitting the "529 Actual Cash Value" form on their website. Why would the 529 Trust have such a form if accounts were not meant to collect earnings?

After submitting the forms, we received statements showing each account's principal, earnings, and fees. I have copies of these statements if anyone would like to see them. When we received the final 2021 Statement, the FASFA value on the statement aligned with the values quoted in response to the "Actual Cash Value" request. With all these data points, being fully aware the Trust is overfunded and knowing others who collected their accounts' earnings, why would we suspect the 2021 Statement was an error? We based my daughter's college decision based on these collaborating documents.

Knowing we could roll these funds into a Maryland Able Account, we also decided to enroll my son, who was diagnosed with Autism and will likely not need college, into a school that could help him with his needs. Although we did not know of his diagnosis at the time, this is the exact type of scenario we considered when our kids were young, and we purchased the plans.

On the bottom the 2021 Final Statement and all of the 529 Documents, there is a clause that reads: "after 60 days without notice otherwise are considered correct and binding". No such notice has still to this day come from MD529.... 14 months later. This neglect of their own policy is another example of the 529 Trust changing the rules at their leisure to the detriment of the shareholders.

The Trust is overfunded because of the hard-earned money invested by the people sitting in this room and thousands of others. Most of us are in the middle class and made sacrifices to tuck away money each month for our children's future. We can not afford just to write a check for college, so we invested and trusted the State. Until it was time for our kids to fulfill their dreams, did we have any reason to believe that the relationship was not mutual and the board would violate Article IX with reads, *“we will not retroactively modify existing Contract provisions in a manner adverse to you or your Beneficiary”*

We ask you respectfully. Time is of the essence. We do not have years or even months to wait. It's time to follow the example of many other states and dissolve the Trust. Rollover everyone's earnings into the 529 Plan, allow us to pay for our children's education, and put this nightmare behind us.

Jamie_Goldstein Maryland 529 Policy Holder Testimo

Uploaded by: Jamie Goldstein

Position: FWA

Maryland 529 Policy Holder Testimony – February 22, 2023

My name is Jamie Goldstein and in 2006 I opened up a third account in Maryland's Prepaid College Trust for my third child who was all of three years old. Over the course of 5 years I paid in a little under \$40,000 finishing my last payment in November of 2012 for four years of tuition. I signed an application that referenced the contract described by the in-effect disclosure statement. While I probably didn't read every line of the contract, I know I had at least two options – Minimum Benefits or a Rollover/Refund if for instance my son didn't go to college.

I want to focus my testimony on the change to Rollover/Refund calculations. In August of 2021 Maryland 529 made changes to their disclosure statement, although I never received an email pointing out these changes. I later read the details of the changes, because in December 2021 I received my first tuition benefits payment which was far in excess of the Weighted Average Tuition. I interpreted the language to mean I received 6 % interest on the funds I put in from the first dollar, whether for Minimum Benefits or Rollover. In early 2022 a FAFSA calculation for year end 2021 was provided that implied that if I had requested a rollover in August of 2021 I would have received about \$75,000. When I later estimated the Rollover value I would have received using the pre-August 2021 disclosure statement and calculation methodology, I came up with a value of \$75k, and when I estimated using 6% on earnings I came up with a value of \$74k.

However, in January 2023, Maryland 529 issued a Public Update walking back that 6% interest calculation for Minimum Benefits, claiming a calculation error was made, although their update was also silent on Rollover changes. I requested a manual calculation of Minimum Benefits and on January 26, 2023 received a calculation that effectively shows that Maryland 529 would value a Rollover of my account at \$41,000 in August of 2021. My rollover value had plummeted by 30k.

This reduction in rollover value is a breach of the contract I signed. Article IX says contract changes will not retroactively be modified in manner adverse to the account holder or beneficiary. This reduction in rollover value is a significant and adverse reduction to me. I require that my rollover benefits be restored to me and all other account holders. Maryland 529 leadership may say that the two month period to withdraw from the contract after disclosures have been changed has lapsed. I counter that the average lay person who if they even read the changes to the rollover calculations would have concluded that the 6% interest was from the first dollar put in. Maryland 529's Program Manager company was selected by competitive procurement as the industry leader in the Prepaid Tuition space. If their personnel, who day to day work in the Prepaid Tuition world and are presumed experts, after reading disclosure statements, business rules, requirements, and whatever else was provided by Maryland 529 staff to implement the new system, if they came to the same interpretation of 6% interest upon first dollar put in, how would any account holder have stood a chance in August of 2021 to realize they would be better off getting a Rollover under the old rules?

Maryland 529 should be compelled by this bill and other actions to communicate to all account holders that their account rollover value has dropped and furthermore be given the option to Rollover their accounts less any benefits paid using the pre August 2021 calculations. And this needs to be done this

year, not next year or the year after, so that funds can be used while my child and other account holder's children are in college.

2023.02.22 Proulx - Maryland 529 Testimony.pdf

Uploaded by: Jill Proulx

Position: FWA

February 21, 2023

When I invested in the Maryland Prepaid College Trust in 2005, I never fathomed I would be paying more than a \$1,000 a month out-of-pocket to avoid default as a co-signor for off-campus housing in 2022, while Maryland 529 denied access to funds due me when I needed them most.

For the duration of 2022, I depended on the Maryland 529 to make good on promises that enabled me to rollover three unused semesters to afford my son's non-tuition expenses. Timing was everything – he was a senior with a single class left in 2023 – and we have been a single income family since his birth.

My rollover request should have been as simple a transaction as in April 2021, when a single semester valued at \$8,200. We planned carefully -- we could rollover only once every 12 months and needed to match expenses with distributions. I confirmed available dollars before co-signing -- our December 2021 statement assured that the remaining semesters had a value of \$29,500, a figure aligned with our prior rollover x 3. What followed makes the whole seem like a modern-day bait-and-switch.

Despite all efforts and careful planning over 17 years to avoid this scenario, I was forced to pay close to \$20,000 without warning in 2022, while Maryland 529 prevented my access to a rollover. It then compounded my loss by not coming through on its projections for a resolution, missing the Dec 31 tax deadline for matching monies expended with a distribution taken in the same tax year.

Now, I have no path for reimbursing myself, my youngest is graduating, and I still have three unused semesters purchased in 2005, contributions that helped Maryland 529 be as profitable as it has become since.

My family and others need to be made whole quickly – this year. Being risk averse with limited funds to begin with, we invested in the Plan because it was “backed by the State.” Now, our hope remains with the State to right this wrong quickly and through whatever means necessary. We thank you sincerely for consideration and time.

Jill Proulx
proulxjill1@gmail.com
District 27 – Calvert County

Written testimony OConnor.pdf

Uploaded by: Judith OConnor

Position: FWA

February 21, 2023

Written testimony in support of SB0475: Workgroup on the Maryland 529 Prepaid College Trust Program

My Dad was just 18 when he was drafted into World War II. After serving, he received his engineering degree from Ohio State, his Masters from UCLA, and worked for Lockheed for 35 years on the most highly classified projects. He dedicated his life to his country, his work, and his family. And when he passed away in 2010, he specified that the money he so carefully saved and left to his grandsons should be used for education. So, I invested it in the Maryland Prepaid College Trust.

Now my younger son is 18, and he just got accepted to Ohio State, his top choice and my Dad's alma mater. Unfortunately, thanks to Maryland 529, we don't know if he can afford to go – and he needs to decide by May. There is a \$30,000 discrepancy between his 2021 and 2022 Trust Account Statements. My older son, using his funds in-state, has a similar discrepancy.

Despite Maryland 529's claims, the current "hold" on earnings is not a result of a calculation error. Rather, Maryland 529 changed contract terms to justify reduced earnings on our accounts.

Contracts from 1998-2021: These contracts clearly state that account holders have the option of taking a Rollover distribution amount equal to all payments made to MPCT plus or minus 100% of Investment Earnings. This is what my son will need to do if he attends Ohio State. It is an option that has always been available, and that thousands of families have used.

2019 Board vote and subsequent update to Article VI: The Investment Earnings rate realized by MPCT was 6% annually. As of today, that figure is 5.3% due to a volatile 2022 stock market. Account holders believed that they would have access to these earnings on accounts established prior to 2021, especially after seeing these amounts reflected on their 2021 statements.

Today: Maryland 529's changes to that Article and the new calculations are *not* applying 100% of Investment Earnings. Suddenly, it is a rate equal to 1 Year Treasury Note minus 1.2% (effectively 0-1%) for all periods *before* November 2021 and a *new language* rate of 6% to periods *after* November 2021.

My sons' accounts were funded in 2011. 0-1% being applied for years prior to November 2021 totals tens of thousands less than the 5.3-6% investment earnings return realized and owed to us under the original Article VI. **Maryland 529 is holding money contractually owed to my children for their education and diverting attention by relentlessly referencing a "calculation error."**

Maryland 529 has the ability to release earnings to account holders now.

The MPCT is more than 130% overfunded. Per a 2003 disclosure, an overfunding greater than 130% allows distribution of excess funds. Maryland 529 can do this NOW... not whenever they claim their never-ending recalculations and audits are complete. We saw this distribution on our 2021 statements, and now it's gone. Where is this money? It does not belong to the trust or the state, so why isn't it available to the families who need to use it *now* to pay tuition or make life-changing financial decisions? Why does my current statement reflect only the principal I paid in more than ten years ago?

This issue affects all 27,000 accounts, not the "small number" described by Maryland 529.

The Maryland 529 claim that "this just affects a few hundred families" is laughable. They are referring only to the number of families that requested manual roll-over or refund calculations since the "calculation error" was publicized and earnings frozen. The total number of accounts that are or will be affected by this change in contract terms is, in fact, all of them. Many families don't even know this is happening, as Maryland 529 hasn't exactly been transparent or forthcoming in their accountholder communications.

Maryland 529 may have its lawyers and newly hired crisis management firm, but I, along with holders of 27,000 other MPCT accounts, have both personal and financial reasons to fight this and not back down.

We need a workgroup, an investigation and a resolution. Thank you for your support.

Regards,

Judy O'Connor

Judycoc9@gmail.com | 301-335-8835

Flexible tuition plans and payment options.

TUITION PLANS

The Prepaid College Trust offers you a variety of tuition plans, which include payment of tuition and mandatory fees.

- **University Plan:** Purchase one semester or one, two, three, four, or five years at a four-year college or university.
- **Community College Plan: *Our most affordable plan.*** Purchase one or two years at a community college. However, this plan does not require your child to attend a community college. If he or she attends a four-year college, in or out of Maryland, this plan will pay up to that year's Weighted Average Tuition of Maryland's community colleges towards the tuition and mandatory fees at the selected college.
- **Two-Plus-Two Plan:** Purchase two years at a community college and two years at a four-year college.

PAYMENT OPTIONS

The Prepaid College Trust also offers several payment options to help you find one to fit your budget.

- **Lump Sum:** A one-time payment.
- **Annual:** Equal yearly payments.
- **Five-Year Monthly:** 60 equal monthly payments.
- **Extended Monthly:** Equal monthly payments for a specified number of months that generally continue through July 1st of the projected year of the child's college enrollment (or initial year of eligible use for current 10th–12th graders).
- **Down Payments:** 25%, 40%, or 55% of the lump sum, with the remaining amount paid by either monthly or annual payments, as described above.

Legislative Guarantee

In the event that the Trust ever experiences a financial shortfall, Maryland law requires the Governor to include funds in the State budget to allow the Trust to pay your full benefits. As with the entire State budget, the Maryland General Assembly has final approval.

“After receiving an inheritance from my parents, our first priority was to open Maryland Prepaid College Trust accounts for our two sons. **It is important to us to save now so they won't have to borrow in the future.**”

Judy O'Connor – Mother of Troy (left) and Ryan (right)



SB0475-313421-01.pdf

Uploaded by: Katherine Klausmeier

Position: FWA



SB0475/313421/1

AMENDMENTS
PREPARED
BY THE
DEPT. OF LEGISLATIVE
SERVICES

16 FEB 23
15:12:50

BY: Senator Klausmeier
(To be offered in the Education, Energy, and the Environment
Committee)

AMENDMENT TO SENATE BILL 475

(First Reading File Bill)

On page 1, in line 18, strike “and”; and in line 20, after “House” insert “; and”

(6) one representative from the Office of the Attorney General, appointed by the Attorney General”.

MD Senate Testimony Stisted.pdf

Uploaded by: Kathleen Stisted

Position: FWA

My name is Kathleen Stisted and my testimony will illustrate that the Maryland Prepaid College Trust Board's recent decision to retroactively rewrite the terms of our contracts, has caused significant harm to disabled beneficiaries of the plan.

I opened a Trust account for my son in '01 when he was an infant, excited to give him the opportunity to receive a quality Maryland college education. I am a College Park grad, Go Terps!

In '02 our son was diagnosed with autism. Understanding that this diagnosis may impact his ability to attend college, we reviewed our trust contract and were comforted to see that we could withdraw or rollover his contract value, along with associated earnings should he need to pursue another form of education.

Our 2021 account statement reported a value of more than \$42,000 and we planned to roll this money over into the Investment plan to pay for a vocational school since our son is not eligible to attend for credit classes.

Like other account holders, our attempt to rollover his account in early '22 is where things fell apart. We couldn't access the full account value and were cautioned by the Trust to wait until the "transition" was complete or risk negatively impacting our account value.

In January '23 we received our manual calculation – our account is now valued at less than \$26000 – barely \$1000 more than what we paid into the account...and 40% less than just a year earlier.

The Trust's decision to hold accounts hostage for over a year and then to retroactively change the contract terms and devalue our accounts, all with no transparency, has forced us, like others testifying before you, to resort to credit cards to pay trade school tuition. This was an unimaginable and disappointing reality to face after 22 years of investing and trusting in a State guaranteed program.

What is your explanation to families such as mine, whose dreams for their child's college education have taken a detour due to illness or disability, and whose hope rested in the terms of their contract which have suddenly changed? Is this newly erected barrier for disabled students defensible in any way?

What we want is for our original contract terms to be honored and our account values to be restored. And we deserve this not some time a year or more in the future, but now.

Thank you.

Kathleen Stisted
394 Dodon Rd
Davidsonville, MD 21035

MD_529_2.15_Lepine.pdf

Uploaded by: Kimberly Lepine

Position: FWA

Maryland529

formerly College Savings Plans of Maryland

Date: 15 February 2023

To: Ryan M. Lepine
3830 Leafcrest Ct.
Dunkirk, MD 20754

Dear Account Holder.

We have received mail from you related to your Maryland Prepaid College Trust Account. Please note these transactions are not processed in this office. The correct address to mail this is:
Maryland Prepaid College Trust
P.O. Box 44257
Jacksonville, FL 32231.

We will forward your mail to the P.O. Box this time. In the future, kindly send documents to the address noted above to avoid delays in processing. Mailing checks/documents to the correct address will ensure prompt processing of your request.

Type of documentation received:

1. Check
2. Benefit Request form
3. Rollover/Refund form
4. Enrollment form
5. Other (details) Incorrectly Addressed

Thanks

Sincerely,

Maryland 529

MD529_testimony.pdf

Uploaded by: Kimberly Lepine

Position: FWA

Honorable Maryland Senators,

In January, after hearing about the allegations from account holders of beneficiaries currently in college, my spouse and I decided to initiate a rollover of our one remaining Maryland Prepaid College Trust account. We filled out the rollover form and followed the instructions on the form exactly. It was picked up by a staff member of T. Rowe Price on January 30.

A week later, on February 9, my spouse received a phone call at work from a woman, Amanda, claiming to work at Maryland529. She threatened to charge us fees that are not in accordance with our plan documents or most recent plan disclosures if we initiated the rollover. She also told him that she could not process the form and that we needed to mail another copy.

On February 10, we received an email from an apparent Maryland529 account requesting written confirmation of the phone call. We responded with a letter disputing the content of the phone call and quoting the most recent plan disclosures, dated July 2022.

We mailed the dispute letter and the second rollover form to both addresses listed on the form. This second form and letter were received on February 14 at both addresses. On February 17, we received a letter from Maryland Prepaid College Trust stating that our letter and form were forwarded to an address in Florida that was not listed on the form. From the website, we assume that this letter is referring to Intuition, the contractor hired to administer the plan.

Nationwide, 529 rollovers are initiated by the receiving institution. In our case, that institution is Maryland 529's College Investment Plan administered by T. Rowe Price. We have received no communication from T. Rowe Price or the College Investment Plan with respect to these two redundant rollover forms, both of which have been picked up by T. Rowe Price staff members.

It appears that our beneficiary's entire account is frozen at this time. While our student is still in middle school, these funds are required for his college education.

In the January Senate hearing, Mr. Savia clearly stated that the board had no fiduciary duty to the account holders. What is the purpose of the trust if not for the benefit of the beneficiaries, as clearly stated in the plan documents and disclosures? The lack of accountability and adequate oversight is providing, at best, the opportunity for malfeasance that threatens the funds deposited for all beneficiaries of the trust. Swift oversight and restoration of the full function of the trust per the plan documents and disclosures is required. Our current beneficiaries and the restoration of the integrity of Maryland529 oversight require it.

Respectfully,

Kimberly Lepine
Spouse of account holder Ryan Lepine
Parent of MPCT beneficiary Blaise Lepine

SB475 Written Statement.pdf

Uploaded by: Kimberly Osborne

Position: FWA

Thank you for this opportunity to comment on problems involving the Maryland Prepaid College Trust (the Trust) and SB475. Despite what you may have read or heard from the Trust or its Board, **this is not:**

- a simple calculation error
- similar to a bank statement error
- the fault of their new plan administrator in Florida, Intuition College Savings Solutions
- account holders not being smart enough to know what they signed up for
- a problem only affecting 500 people

We now know **this is:**

- the result of a retroactive change in contract terms causing account values to plummet
- solely the result of actions of the Trust and its Board
- a situation affecting all 27,000+ account holders whether they are aware or not
- causing financial harm to many account holders to include unplanned loans, refinancing, and use of retirement funds
- causing some accounts to now be in the position of negative earnings, meaning they will not even get out what they paid in, due to the change in contract terms and high fees
- keeping some children from even being able to enroll in the college at all or to enroll or remain at the college of their choice due to continuing uncertainty over account values
- resulting in one million dollars of spending on outside counsel by the Trust
- resulting in spending of fifty thousand dollars for a crisis communication firm by the Trust

We now know **the Trust has:**

- a documented history of shockingly inadequate financial controls
- a long history of excessive employee turnover and instability in management positions
- to this day never notified account holders of any change in contract terms resulting in re-valuation of accounts
- continually grossly overpriced contracts due to highly inflated tuition estimates which continues to this day
- long had misleading marketing materials that includes these inflated estimates
- been determined by multiple outside audits to be overfunded by at least thirty percent
- missed deadline after self-imposed deadline to "fix" this problem, all the while mischaracterizing the nature of the issue
- reported FAFSA values they now will not honor, likely causing missed financial aid opportunities to hundreds or thousands of students
- somehow reported interest earnings on 2022 1099-Q forms even though "interest is frozen"
- never once communicated to account holders in a timely way since this began
- begun hiding behind their outside counsel Nelson Mullins and vetting any responses through them
- still not responded to all 500+ account holders who submitted support request forms month ago

We now know that **the Trust's Board**:

- holds meetings that are solely perfunctory, often with no discussion, comments, or questions whatsoever among Board members
- displays no sense of urgency to solve problems
- displays no sense of understanding the harms their actions are causing
- often barely achieves a quorum
- has had multiple resignations in recent months, to include being without a permanent chair at a time of crisis

The time has come for the Maryland Legislature to step in and honor its commitments to Trust account holders. As a taxpaying citizen of Maryland and resident of Legislative District 3 who votes in every primary and general election, I request the Trust be compelled to honor 2021 FAFSA values, for since-inception investment earnings to return to rollovers and refunds, and for a process to be set up to reimburse certain account holders who can provide documentation of financial harm though extra fees or interest incurred due to the actions of the Trust. I would urge that legislation stipulate that an independent outside party with no personal or business ties to Trust staff or Board members be appointed to oversee these matters as the Trust and its Board have displayed an inability to self-govern, self-manage and understand the consequences of their actions.

These steps must be incorporated into legislation and passed into law **this session**. The actions required in the legislation must take affect no later than mid-summer when the next round of tuition bills will come due. Additionally, it is important to understand that in order to remain in compliance with IRS regulations, qualified education expenses must be reimbursed in the year in which they are incurred. That is why this is a time sensitive matter that can wait no longer to be resolved. 2022 expenses are already ineligible for reimbursement under IRS regulations, which is another way that the Trust, through its delays and obfuscation, has caused extensive harm.

Further, after these urgent steps are taken, I urge the Legislature to consider structural reforms to the Trust and it's Board to include whether the Trust should be dissolved, the composition of the Board, and the significant need for ongoing outside oversight and independent audits if the Trust is to continue operating into the future.

I appreciate your time and consideration.

Very respectfully,

Kimberly Osborne
Frederick, MD

MD 529 Policy Holder Testimony LITTON 2.pdf

Uploaded by: Kirk Litton

Position: FWA

MD 529 Policy Holder Testimony (Feb 22, 2023)

Good Afternoon...

My name is Kirk Litton, and I flew here this morning from South Carolina to be with you today...

We paid \$109,000 in lump sum payments for THREE policies for our children over 15 years ago. When we moved to South Carolina in 2012, we read every page of our contract. We found that our contracts had 2 clear exit doors to the trust, NOT just 1 as the Board continues to misstate. DOOR #1 is the tuition guarantee benefit plus miniscule interest currently being used for the recalculations. DOOR #2 is the Rollover benefit calculation defined in Article VI or VII of every contract disclosure from 1998 to 2021 - that has been dismantled. That clause clearly states our Rollover Amount WILL EQUAL our payments made to MPCT plus 100% of Investment Earnings realized on our payments. So we kept them.

As my oldest child neared college, I requested a Manual Rollover calculation in 2020, the written statement received back on MD529 letterhead calculated by staff showed my principle PLUS \$80,000 in earnings. I requested another Manual Rollover calculation a year later in Summer 2021, the statement from MD529 now showed my principle PLUS \$90,000 in earnings.. a 6% gain year over year. I then called to execute a Rollover... the MD529 Staffer told me "you don't want to do that, 2021 was a VERY good year and earnings haven't been applied yet...wait a couple months". So I did. The December 2021 statements came – 2021 earnings included, and I executed a Rollover of Madison's policy of \$90,000 minus fees with \$53,000 in earnings applied. Exactly what my contract called for.

In early 2022, I called Intuition. The Agent told me "best to keep it... you are guaranteed 6% now...Mackenzie will have \$103,000 in 2025, Mason will have \$110,000 in 2028". So I left it alone. BIG MISTAKE. These 2 accounts, valued as high as \$155,000, that had been calculated multiple times in multiple years and stood at a value over \$130,000 as of Oct 31, 2021by this contract change - new interpretation and recalculation formula...effectively ONE DAY LATER ...Nov 1, 2021.... were devalued by over \$75,000... to now basically my principle only.

This is a clear breach of Article IX, to do NO harm!

WE WANT WAS WRITTEN IN OUR CONTRACTS, WE WANT DOOR #2 - Rollover benefits restored - our investment earnings calculated, unfrozen, and distributed NOW!

Kirk & Katie Litton
2217 East Peach Road
Ridgeway, SC 29130
301—908-3412
Kirk.litton@jjech.com

How do we fix it from here?

STOP the manual recalculations, they are further cementing the incorrect earnings benefits.

Option 1: Restore Original Contract language to Article VI/VII for all policy holders prior to Nov 2021

Option 2: Apply a 6% earnings rate, compounded annually, to all years prior to Nov 2021 with 3 little words “for prior years” added to the new Article VI language... which IS THE RATE that would have been owed if DOOR#2 was chosen by all 27,000 policy holders. And let new simplification to 10 Year Treasury rate for both calculations apply to only new funds/accounts after November 2021 since they weren’t promised 100% of investment earnings via Rollover as all policy holders from 1998-2021 were!

Option 3: Dissolve MPCT, pay out all principle and earnings to policy holders in an equitable way based on payments made, timing of those payments, and length in the program.

Additional points:

- NOT a “1 Statement issue”. Manual Rollover Calculations requested by policy holders always included both principle + all investment earnings. In line with Dec 2021 statements values
- NOT an “obvious Bank Statement error”. MPCT was never transparent to the actual Rollover or Refund value of the policies. Their annual statements only showed Principle Paid by policy holder, it never showed a calculation for earnings, interest, Rollover or FAFSA values in years 1998-2020 and now again on 2022 statements. So we never knew the true value unless we requested a manual calculation be performed. Only 2021 annual statements showed the calculation and applicable full value of each policy to policy holders. THAT is their dirty little secret, keeping 27,000 policy holders in the dark was a benefit to MPCT... because every policy holder that choose DOOR #1 forfeited their investment earnings to MPCT, every policy holder that chose DOOR#2 captured 100% of their investment earnings and MPCT was left with just the admin fees owed. BUT NOW all 27,000 policy holders now know their true values, and of course they want DOOR#2 It returned 5-6% annual earnings on our money. DOOR#1 returned 0-1%. A few thousand of us are impacted this year, a few thousand next year, a few thousand every year into the future will be unwittingly duped by relying on their original contracts, reinforced by the 2021 statements that “after 60 days without notice otherwise are considered correct and binding”. No such notice has still to this day come from MD529.... 400 days later.
- NOT a new vendor INTUITION issue. They calculated values correctly in Dec 2021 based on applying 6% annual earnings rate to funds in the program before 10/31/2021 for both years prior and in future, as stated by GRS in the 2021 and 2022 MP529 annual reports, and as calculated by MD529 staff for the prior 20 YEARS. And any reasonable person reading the new Article VI/VI Rollover language of “contributions in your account prior to November 1, 2021 will earn 6% compounded monthly until withdrawn” would take that to mean for both prior and future years, since there is no mention of an alternative rate for years prior stated. IF NOT 6%, what other rate would be applied? Based on recalculations being done... they are applying the 0-1% rates defined in Minimum Benefit... BUT at time of the change to the Rollover benefit the since inception rate realized by MPCT was 6%! (not 0-1%). THAT is what is owed.

- This is INCOMPETENCE –or- benefit of doubt of NEW LEADERSHIP not understanding original contract disclosures - digging their heels in and not reviewing it, analyzing it, and restoring the investment earnings owed by the contract PRIOR to their 2019 vote to change it. Those changes are breach of Article IX, if the 6% annual rate is NOT applied to years prior to November 2021.

2023 02 21 529 Testimony Harlow.pdf

Uploaded by: Lisa Harlow

Position: FWA

February 21, 2023

Dear Maryland General Assembly:

Thank you for your involvement in delving into the Maryland 529 fiasco. My son was born in 2004 and the following year we started a MD prepaid college trust for him in addition to a MD college investment plan account. As he was a senior in high school in 2022, our financial advisor instructed us to call the 529 office to confirm our current account balances and initiate a roll over from the prepaid college trust to the investment plan. This allowed our trust earnings that we accumulated (and were entitled to in the disclosure agreement) to roll over so that we had enough money to pay for both tuition and room and board. Our balance in the pre-paid college trust was more than \$93,000 as of March 1, 2022. What a relief it was to see how our money had grown and that sacrificing to save while he was a baby/young child had paid off and we would not go into debt paying for his college education. This number was also reported to FAFSA as what our college contribution could be (this also leads to more issues).

We called to initiate the rollover for the year last summer, but we were told that there was a "calculation error" that would soon be corrected (a lie), our earnings were frozen, and the plan would only pay for the portion of tuition not covered by my son's legislative scholarships. So we had to scramble to come up with the funds to pay out of pocket for Benjamin's room and board at University of Maryland until the earnings were "released." His father finally was allowed to initiate the rollover in September (well after payment was due). We moved approximately \$21,000 to our investment plan account which covered tuition, fees, room and board, course books and a laptop for my son for the 22-23 school year (all qualified expenses). Fast forward to January 2023 and us hearing about issues with the trust. We checked our account balance, which at this point should have had more than \$70,000 available, and were absolutely shocked to see the value is only a little over \$15,000! With the 529 plan's "new calculation," our principal supposedly made a little over \$1,000 in earnings over 17 years. It's disgraceful. We are beyond frustrated and feel like we have been taken advantage of by the state's 529 plan.

Below are some more points that you have probably received from other parents. I just wanted to send you our personal story so you could have it on record and see how it has impacted an Essex, Maryland family. We made a point of saving years ago so we would not have to worry about paying for our son's college while we should be working to save for retirement. This has kept me up every night since I discovered this issue. We and many other parents are counting on you and Maryland legislators to make things right and find a way to make our accounts whole again.

Our son is in college NOW and we MD529 to HONOR their contracts and give us our earnings NOW!

Thank you for listening.

Lisa Harlow (& James Harlow)

Parents of Benjamin Harlow, Class of 2026 University of Maryland

1. The 529 board and its executives have claimed the reason account holders do not have access to money they were promised is due to an interest rate calculation error that they have now fixed. That is incorrect. The problem is an investment earnings issue and a breach of contract.
2. Our original contract stated that funds in our accounts could be rolled over to another

qualifying plan, and if our contract had been in existence for at least 3 years, the rollover would include "100 percent of the investment earnings."

3. For decades, the Prepaid College Trust paid accountholders who wanted to roll over their money their principal balances plus earnings, often called trust returns. Disclosures from 2016 through 2021 define a trust return: "the since inception rate of return for the Prepaid College Trust. The date of inception is December 31, 1998, and the since inception rate of return is updated quarterly by the Prepaid College Trust's investment advisor. Trust Returns are used to calculate Rollover Distributions and refunds."

4. Under Article IX of our contract, while the board could amend the terms, "the Board will not retroactively modify existing Contract provisions in a manner adverse to you or your Beneficiary." Yet the board has done just that. First, when it froze rollovers and limited access to our accounts in 2022. And then, according to the manual calculations distributed to account holders in 2023, it changed the definition of investment earnings to interest earnings, which has a significant and detrimental negative impact on the value of our accounts.

5. Accountholders received annual statements on December 31, 2021 that included the "total FAFSA reporting value," defined as the "refund value" of our accounts. This total tracked with the since inception rate of return as described above, which was about 6 percent. Those documents state that "after 60 days the information will be considered correct and binding for the account." It is a crime to use false information on FAFSA forms.

6. Parents relied on those 2021 documents, and other corroboration from the trust, to make financial decisions. This was not at all like a banking error that mistakenly inflates the amount you have in your checking account, as Maryland 529 Executive Director Anthony Savia claimed to the state Senate. The FAFSA amounts made mathematical sense in 2021 and they make sense today. The 529 board has never sent written communications to account holders that the FAFSA numbers were wrong, as required by our contracts. "The agency did not communicate with the account holders the way they should have," Savia acknowledged at the Jan. 19 House appropriations briefing.

7. Board chairman Peter Tsirigotis, a Greenberg Traurig financial services lawyer, told the House committee that the board's fiduciary duty was "to the plan." (He resigned the next day) However, Maryland state law dictates that the fiduciary's duty is "solely in the interest of the participants," a fact that was discussed by board trustees on several occasions in recent years, a review of the board's minutes show.

8. The Prepaid College trust lured account holders into the trust through inaccurate and misleading marketing. For years, it said tuition rates would increase by 6 or 7 percent every year, even though it knew actual increases were less than half that. "And don't worry, if Tuition does not rise as projected, you are eligible for a Minimum Benefit equal to the payments you make plus a reasonable rate of return," its 2011 brochures stated.

Prepaid Issue Brief The Failure of the 529 Trust.p

Uploaded by: Lisa Peterson

Position: FWA

Issue Brief: The Failure of the Maryland 529 Prepaid College Trust

Maryland 529, an independent state agency, broke the terms of its contracts with thousands of hard-working families who entrusted it to help make college affordable for their students. This issue has gone on for months, leaving desperate parents unable to pay their students' college bills. The 529 Board has acted in secrecy, hiding behind a law firm, retroactively changing policies, and failing to disclose material facts, management turnover, questionable audit findings, and more, all while unsuspecting account holders trusted that their investments were protected by a legislative guarantee. These account holders need a solution now.

Overview:

The state of Maryland has two 529 plans to help save money for college. One is a traditional 529 investment plan (the College Investment Plan), and the other is a prepaid tuition plan (the Prepaid College Trust), which is at the center of this issue. Both are overseen by the Maryland 529 Board. The Prepaid Trust, which had 27,680 accounts as of June 2022, is backed by a legislative guarantee. [Under Maryland state law](#), the board members have a fiduciary duty to account holders.

Many parents had relied on the Trust's December 2021 account values to decide whether they could afford expensive private or out-of-state schools. Those December documents for the first time revealed the "refund value" of accounts. The documents instructed account holders to use those values when filling out financial aid applications known as FAFSA, which are required by nearly every college in the U.S. The values tracked with the principal balances, plus about a 5.5 percent investment return from inception, which matched how the Trust paid out refunds and rollovers for decades. Parents had 60 days to challenge the statements before they became binding. Submitting inaccurate information to FAFSA is a crime.

More than a year later, the Trust now claims those FAFSA refund values were wrong, even though they mathematically made sense with the contracts parents had signed, were in line with the Trust's entrenched policies, and were verified repeatedly by 529 agents when parents wrote or called.



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Frozen earnings

The Trust froze access to earnings in [April 2022](#) after it said it discovered a calculation error when switching to its new software vendor and program manager, Intuition College Savings Solutions, LLC, which is based in Florida. Rather than alert families who relied on that money, the 529 Board kept the news quiet. (The [board minutes](#) were not approved until July 2022). This was a breach of its fiduciary duty.

As fall tuition and other bills came due, parents slowly discovered they no longer had access to the money they had been promised. One family had to [refinance their house](#). [Others have used their credit cards or dipped into retirement accounts](#). Some students say they may have to drop out of school. Others have incurred (or are about to incur) student debt they never anticipated.

On Aug. 29, 2022, the board finally notified some account holders via email that there was a problem with “certain interest earnings.” But executive director Anthony Savia has since acknowledged that the agency has only emails for about half of all account holders. And the email was misleading, saying that “some” accounts that needed to take a distribution were affected, when in fact, the issue has ramifications for every account holder. The email made no mention of the FAFSA statements and promised something it has yet to deliver: “Once all issues have been resolved, Account Holders will have access to their interest earnings.”

Spring tuition bills have come and gone without a resolution. Will account holders see their money before the fall 2023 bills are due? How can the state expect families of high school seniors to select which colleges they will attend without knowing how much money they have to spend? The longer this takes, the more families across Maryland are negatively affected. Rather than helping students pay for college, the 529 Board is essentially contributing to the student debt crisis in America.

If this were a private investment firm, rather than a state of Maryland agency, government investigators would be swarming.



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Hiring lawyers, not helping families

Account holders using the money in the prepaid plan to pay only for in-state college tuition can still use the plan to pay tuition bills, as the Trust officials like to point out. But many of those parents also relied on earnings for room and board at in-state schools. That's now off the table.

And about 43 percent of account holders in 2022 used the plan for private and out-of-state tuition and other expenses. "Save here. Go anywhere," the plan promised. Those families are now limited to the weighted average tuition, which at today's inflation rate is far less than what they put into the plan.

Consider a family that invested \$9,600 for a year of tuition in 2006. With inflation, that would be worth \$13,400 today, compared with the \$10,600 weighted average tuition the Trust is now allotting. That's a loss of \$4,300, even without counting the earnings that should have accumulated.

Eliminating the investment earnings is a huge change in the agreements that account holders signed. As anyone who has ever signed a contract knows, you can't go back and retroactively change the terms to harm the other party. Yet, that is precisely what has happened. To date, account holders have not received the proper notification that their contracts were changed.

When word of the frozen earnings issue began trickling out in August 2022, worried parents, led by Brian Savoie, set up a [Facebook Group](#) to help share information and potential solutions. The grassroots group has more than 700 increasingly frustrated members, some who have spent hundreds of hours organizing, researching, and strategizing on how best to solve a crisis that never should have happened. Most account holders in the prepaid plan began saving for college at least a decade ago. They put their money in the plan to ensure that they would not have to scramble to pay their kids' college bills. They did everything right. And the state of Maryland failed them.

Rather than help account holders and be honest about what happened, the 529 Board [spent \\$1 million to hire Nelson Mullins](#), a national law firm known for litigation. How is that credible? Who hires a law firm for just a calculation error? The board has also spent \$50,000 to hire a crisis communications firm. And yet, families still aren't getting straight answers to their questions.



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Documenting how this mess unfolded

2019

The Prepaid Trust's problems began in December 2019 when the [Office of Legislative Audits completed a fiscal compliance audit](#) of the fund from 2014 through 2018. During that time, the auditors wrote, the agency was rife with management issues. Four different people served as the agency's executive director (now it's been seven) and four others have served as CFO. Auditors questioned whether the board had adequate oversight of the fund, noting documentation errors, a mysterious bank account, boxes of unopened mail, and potential overpayment to account holders who wanted rollovers and refunds.

Auditors wrote that "when a rollover or refund is requested, Maryland 529's determination of the amount to be transferred or refunded to the account holder will include interest earnings as specified in the tuition contract."

The 2019 audit also concluded that "consistent with its methodology, Maryland 529 used a 'since inception' rate of 5.5 percent for calculating each year's interest, which was the current rate at the time of the rollover."

Auditors suggested the 529 Board review the rollover policy and "ensure that future tuition contracts clearly reflect any changes Maryland 529 considers necessary as a result of this evaluation."

Under the contracts that account holders signed, funds could be rolled over to another qualifying plan, and if a contract had been in existence for at least 3 years, the rollover would include "100 percent of the investment earnings." This language has been in contracts for more than a decade. Disclosures from 2016 through 2021 specifically define a trust return as "the since inception rate of return for the Prepaid College Trust" and note that "trust returns are used to calculate Rollover Distributions and refunds."

The contracts also stipulate that the board cannot make any changes that would retroactively harm beneficiaries.

The auditors also told the 529 Board to hire a forensic auditor. Among other things, it wanted to know whether the trust had overpaid any account holders.

Although Maryland prides itself on transparency, the 529 Board never sent out notice of the critical audit to account holders.



2020

The board did not begin the forensic audit for months. Board minutes show that it hired the national firm of Grant Thornton in September 2020, which pulled more than 275 boxes to try to determine if any account holders had been overpaid. Only six accounts were in question. But the 529's records were in such a mess that the board voted in December 2020 that it would be an unfair burden to try to claw back money from account holders "and agency records cannot confirm without a doubt that such distributions resulted in overpayment."

Grant Thornton's forensic audit also did not show any errors in calculations, Maryland 529 marketing director [Michele Winner told the Washington Post](#). The forensic audit has not been released publicly. Details of it have been drawn from board minutes and contracts.

The board also sent out an [RFP for a new "program manager"](#) to improve its software and recordkeeping. Among the responsibilities for the vendor would be handling rollovers and refunds. By November, the board had selected Intuition and was finalizing its contract, which was signed in December. A previous attempt in 2017 to move to a new platform ended in failure.

Beyond the forensic audit, the board also used Gabriel, Roeder, Smith & Company (GRS) out of Chicago for its actuarial studies. The company, which has more than 1,000 public sector clients, had provided those analyses since 2012, always declaring the Trust to be sound.

2021

The board spent 2021 getting ready for the transition to Intuition. In February, it reviewed "business rule changes" that would be necessary for coding the new system.

In April, the board got sidetracked by yet another snafu: The wrong annual statements had been mailed to the majority of prepaid tuition plan holders who had two accounts. Account holders not only received their own statement, but that of someone else. At the same time, "calculation issues" in the legacy Banner system emerged, so the board turned to GRS "to write the logic for those calculations."

In June, the board for the first time revealed that it was considering one "rate of return" for calculation of minimum benefits, rollovers and refunds. Based on an evaluation from GRS, which analyzed the impact of various scenarios, the board voted to "use the Trust's since-inception rate of return, as of 6/30/21, for balances held prior to November 1, 2021." Contributions after November 1 would receive the 10-year Treasury rate.



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“The Plan is required to notify account holders 60 days before the transition that they have the right to reject the changes. These notices will be mailed out in mid-August with the assistance of Intuition. The Trust is hoping not to see a large number of rollovers, but this is the unknown variable in the transition,” [the board minutes state](#).

The subsequent disclosure statement revealed that earnings for minimum benefits, rollovers and refunds in accounts that were in existence before October 31, 2021, will “earn 6% on balances, compounded monthly, until benefits are withdrawn, or your Contract is terminated.” It said the earnings were attributable to contributions made before November 1, 2021.

A letter from GRS in the 2021 annual report echoed that policy: “Beginning November 1, 2021, and first reflected in the actuarial valuation results as of June 30, 2021, the same interest crediting will be used in calculations performed for the Minimum Benefit, rollovers and refunds. Interest will be credited through October 31, 2021 on account balances at the Trust since inception rate of return as of June 30, 2021 (6.00 percent). Interest credited after October 31, 2021 will be based on the 10-year Treasury note rate as of June 30, compounded monthly,” the letter read.

So, when parents received the December 2021 FAFSA values, they were in line with the policy the board had announced. The board chose the dates with care—they coincided with Intuition making its new program live. Parents and their accountants and financial advisors, as well as the board’s own actuaries, all read the new policy the same: Accounts would earn 6 percent in earnings from inception when they rolled over or were refunded. For parents who needed the money for expenses beyond tuition, or for private or out-of-state schools, those earnings made all the difference.

2022

Everything changed in 2022. The April 28, 2022 board minutes state that an “earnings calculation error” was discovered by an account holder. That same date, the board amended the GRS actuarial contract to give it more money to conduct a “rollback/rebate analysis.” Flush with funds—the Trust reported that it had a \$525 million surplus in 2021 and a \$325 million surplus in 2022—the board was contemplating giving back some of that money to account holders.

Executive director Erin Layton stepped down at the end of June. So did a board member, the first of three who would eventually leave without explanation. The board signed on with a new auditor, UHY, which had offices in Columbia, MD.

Account holders had still not received any notifications that their earnings had been frozen. But word had spread that there was a problem, and delegates, [senators and account holders began](#)



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[calling the 529 interim executive director.](#) She said the external auditors believed the problem would be solved by August.

But in August, UHY partner Jack Reagan told the board that his team had found “overpayments, underpayments, and non-fiscally related unit adjustments.” Reagan said he thought the issues stemmed from “initial data transfer errors, missing fields and the staff’s work with ICSS’s business rules from the disclosure statements.”

By the end of the month, the board finally notified those account holders with emails. It said it was “working to address earnings calculations” that were affecting some account holders “who need to take a distribution.” It explained that it had suspended the earnings “to protect the Trust as a whole.”

A background document provided by Maryland 529 to the General Assembly that summer had a different version of the issue: It said that the new earnings calculations were being applied to “historical account balances that had long-since been distributed.”

When new executive director Savia came on board in September, he authorized the hiring of the law firm that began controlling the narrative. Savia said affected account holders could request a manual calculation to gain the true value of their accounts. But the timeline for when the problem would be resolved kept changing. Even now, not every account holder who has requested a manual calculation has received one.

How important was this issue to Savia and the 529 Board? While board minutes do not reflect many in-depth discussions of how to solve the frozen earnings problem, the December 1, 2022 minutes reveal that Savia and since-resigned board chairman Peter Tsirigotis were planning a board retreat for possibly March 31, 2023, to look at “long-term plans for the agency.”

In mid-December, account holders received a “special meeting notice” email from Maryland 529, indicating there was a virtual meeting in about two hours. Hundreds of parents responded, only to find out that the board meeting was closed to the public. Fortunately, the 529 officials left the phone lines open, and parents began exchanging stories. For many, it was the first realization that they were not alone in trying to get access to their funds.

Here's a sample of the dialogue from attendees:

“Anyone have trouble accessing funds for Spring 2023?”

“I need funds to pay for housing that I haven’t received yet.”

“I’m trying to cover costs from January 2022. No response.”

“When will the problem be resolved?”

“Why does it take six months to make an interest calculation? My daughter is locked out of spring registration.”



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“FAFSA calculations were based on the number we had in winter, not the amount the Trust is saying we have. This definitely impacted the financial aid we were given.”

“We chose an out-of-state school, assuming we’d have the initial payment, plus interest. But of a \$22,000 bill, so far, we’ve gotten \$5,000.”

“I am prepaid and cannot get any money.”

“I tried to roll over in May, so I could withdraw funds for January 2022 expenses, and couldn’t do it, because they can’t calculate interest. I just want to pull all my money out. Can’t do it. Called, and they said someone would call me. No call. Filled out the forms twice. Everything is ignored.”

“Same thing I am getting.”

“I may not be able to pursue my Master’s degree because of this.”

Parents began organizing on the call. The Facebook group doubled in size, then doubled again, and again. Angry parents reached out to the media and lawmakers. Some wanted to bring in lawyers. Parents began sharing financial documents and contracts with one another, showing that for years the Trust had paid investment earnings on accounts, all in line with the December 2021 FAFSA values.

2023

On January 6, 2023, the news got even worse. The 529 Board changed its methodology yet again, claiming that the June 2021 vote, which had been approved by auditors and documented in two subsequent annual reports and disclosure statements, was wrong. The 6 percent interest would begin on October 31, 2021, the 529 Board now contended, and not apply to balances from inception.

Account holders with students attending college – or about to enter school – effectively had their earnings wiped out when they needed them the most. Yet those who contributed their money years later stood to be rewarded with much higher returns, even though the long-time account holders’ investments were what made the Trust so profitable.

This change contradicted everything that was previously communicated to account holders. In an [October 26, 2022 letter from GRS](#) published in the annual report, the actuarial auditors repeated what they had said in 2021:

“Beginning November 1, 2021, the same interest crediting will be used in calculations performed for the Minimum Benefit, rollovers and refunds. Interest will be credited on contract payments made to the Trust prior to November 1, 2021 at the inception rate of return as of June 30, 2021 (6.00 percent) for periods both before and after November 1, 2021. Contract



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payments made after November 1, 2021 will be credited interest based on the 10-year Treasury note rate as of June 30, compounded monthly.”

Undoing the 2021 change would necessitate an Article IX letter to account holders. But none arrived. The manual calculations suddenly began pouring in. And as expected, they showed little to no earnings. Some parents, who have contested the manual calculations, are being told that the auditors and everyone else misread the board’s intentions, even though the board voted to accept their findings and include them in reports and disclosure statements.

Lawmakers have heard from Savia and then-board chairman Tsigotis, a Greenberg Traurig financial services lawyer, who told the House appropriations committee that the board’s fiduciary duty was “to the plan.” He resigned the next day. A review of board minutes going back years shows that board members were repeatedly told their duty was “solely in the interest of the participants.”

The Prepaid College Trust lured account holders into the trust through inaccurate and misleading marketing. For years, it said tuition rates would increase by 6 or 7 percent every year, even though [annual reports disclose](#) that actual increases were less than half that. “And don’t worry, if Tuition does not rise as projected, you are eligible for a Minimum Benefit equal to the payments you make plus a reasonable rate of return,” its 2011 brochures stated.

This, again, flies in the face of testimony from executive director Savia, who suggested that parents did not know what they were purchasing. “They were never set up as interest accounts,” he said to the House Appropriations Committee in January. He doubled down on this claim at the Joint Senate Committee hearing, saying that the Prepaid Trust was a ‘defined benefit’ plan, providing only the weighted average tuition.



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Conclusion

Lawmakers have heard, and will hear, from parents about the emotional and financial hardship this debacle has caused. Many families are also facing tax issues because they aren't using their money (since they can't access it) in the same tax year the expenses were incurred. Earnings on 1099-Qs appear to be questionable, if not false. Intuition customer service agents are largely useless, and all communications to parents are vetted (or written) by Nelson Mullins.

This travesty has gone on long enough.

It's time for the Maryland Legislature, with financial assistance from the executive branch, to honor its commitments to those parents and others who invested in the Prepaid College Trust. The 2021 FAFSA values need to be honored. Since-inception investment earnings must return for rollovers and refunds. Account holders must have a vehicle to be reimbursed for the extra expenses they've incurred trying to keep their kids in college. And it all needs to happen before the next round of tuition bills are due.

Once that's taken care of, the Legislature can spend all the time it needs to determine what went wrong.



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written testimony 529 Feb 2023.pdf

Uploaded by: Lori Delaney

Position: FWA

Thank you for reading my testimony.

There are so many things that have gone wrong over the past year with the Maryland Prepaid trust - lack of transparency, misinformation, board meetings that don't address the issues, missed deadlines, sleepless nights, stress, and spending nights and weekends researching and trying to unwind this debacle because no one from the 529 program will provide any answers. Although I could spend hours describing the details of the mess of the Maryland College Prepaid Trust, I am going to focus my two minutes on the trust we put into the state of Maryland and how that trust has been betrayed.

Mr. Savia has stated many times that this was just a calculation error. In all of my research, I do not believe this was a calculation error - I believe the board made a decision and executed that decision, and then changed their minds.

But, let's assume that it really was a calculation error. If that is true, then the board was either incompetent or they purposefully voted on a change that is causing harm to thousands of account holders. They retroactively changed the rollover method that has been in place since the inception of the trust. They were very deceptive in how they did this.

June 2021 board minutes state: "The Board endorses the rate of return calculation for minimum benefits, rollovers and refunds to be the Trust's since-inception rate of return as of 6/30/21 for balances held prior to November 1, 2021." It says balances held prior to November 1, 2021; not balances held on October 31, 2021. A reasonable person would read this as their funds invested since the inception of the trust would now earn a minimum benefit of 6% - this would have brought the minimum benefit in line with what rollovers have been since the inception of the trust.

Then they issued an update to the disclosure statement in August 2021 that they are excited to announce upcoming changes and they have a number of process improvements planned for MPCT account holders. No where did they mention that some of the changes may have a severe detrimental impact on account holders' rollover value. Isn't this program set up to help us save for our children to go to college? Doesn't it seem underhanded to make a substantial change like this and not alert us to this change? I would think you all would agree that is deceitful.

Now let's look at the competence of their decision making. The new minimum benefit and rollover calculation will provide newer account holders with a guaranteed return of 6% - in some cases up to 28 years, while providing 0 and sometimes negative returns to account holders who have held accounts in many cases for 15 to 20 years during a

period of time when the trust has earned an average of 6% per year and tuition has increased at a rate of an average of 2%. Is this fiscally responsible?

So if we believe that the statements we received in Dec 2021 were a calculation error, then the state of MD truly failed us. Whether these decisions were purposefully made and executed in a way to hide what they were doing or it was due to incompetence of the board, we need the state of Maryland to step in and fix this.

Here are some thoughts on how this can be resolved:

In Nov 2021 the new calculation was implemented. We received our statements with the FASFA/Rollover in line with the change in the August 2021 update to the disclosure statement. Then in the March/April 2022 timeframe the MCPT decided they wanted to change the calculation again. So from Nov 2021 until they decided on what the new calculation would be (Jan 2023 was when we started receiving recalculation statements), the calculation reflected on the Dec 2021 statements was the calculation in effect for the trust. They voted to change the calculation in Oct 2022, but still have not let all of the account holders know, so the old calculation is really still in effect according to their rules.

- Therefore, two things should happen immediately

1. For those who have requested rollovers based on the calculation that was in the Dec 2021 statements, those **rollovers should be fulfilled immediately at the value of the Dec 2021 statements plus 6% return since Dec 2021.**
2. Issue letters now to all account holders letting them know there is a change to the calculation that is a positive change for many account holders but may severely negatively impact some account holders - and that they have 60 days to either rollover or terminate based on the calculation in place as voted on and executed in November 2021, or they can keep their accounts with the new calculations in place.

After these steps are completed

Evaluate if the MPCT should continue or if it should be dissolved.

Lori Delaney
District 29

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Uploaded by: Mark Wozar

Position: FWA

Disclaimer:

This Report is based on account and transactional data provided from the Intuition platform. Any payments or distributions not shown below will affect this Report. Negative numbers are shown in parentheses "()".

Account: 4004003982	Purchase Price: \$ 33,213.85	Payments (#) Before 1/1/21: 3.00	Semesters Purchased: 8.00	Minimum Benefit Remaining (\$): \$ 39,071.19
Name: Wozar, Andrew	Paid In Full: YES	Payment Processing Fee: \$ 4.00	Semesters Used: -	
	Mature: YES	Total Payment Processing Fees: \$ 12.00	Semesters Remaining: 8.00	Semesters Remaining (#): 8.00

Date	Distributions													Subledger A Contributions Made Prior to November 1, 2021				Subledger B Contributions Made On or After November 1, 2021				Semesters Remaining
	Payments Made	Less Returns	Other Adjustments	Contract Pymts Made	Semesters Earned	Payment Proc. Fee	Operating Expense	Net Contributions	Distributions	Refunds	Other Expenses	Semesters Spent	Change in Balance	Applicable Rate	Earnings Adjustment	Minimum Benefit	Change in Balance	Applicable Rate	Earnings Adjustment	Minimum Benefit		
	TOTAL: 33,213.85	-	-	33,213.85	8.00	(12.00)	(830.05)	32,371.80	-	-	-	-	32,371.80		6,699.39	39,071.19	-		-	-	8.00	
10/27/2004	2,500.00	-	-	2,500.00	0.60	(4.00)	(62.40)	2,433.60	-	-	-	-	2,433.60	0.92%	-	2,433.60	-	-	-	-	0.60	
11/15/2004	-	-	-	-	-	-	-	-	-	-	-	-	-	1.03%	2.09	2,435.69	-	-	-	-	0.60	
12/15/2004	-	-	-	-	-	-	-	-	-	-	-	-	-	1.30%	2.64	2,438.33	-	-	-	-	0.60	
1/15/2005	-	-	-	-	-	-	-	-	-	-	-	-	-	1.47%	2.99	2,441.31	-	-	-	-	0.60	
2/15/2005	-	-	-	-	-	-	-	-	-	-	-	-	-	1.66%	3.38	2,444.69	-	-	-	-	0.60	
3/2/2005	4,230.00	-	-	4,230.00	1.02	(4.00)	(105.65)	4,120.35	-	-	-	-	4,120.35	1.66%	-	6,565.04	-	-	-	-	1.62	
3/15/2005	-	-	-	-	-	-	-	-	-	-	-	-	-	1.83%	10.01	6,575.05	-	-	-	-	1.62	
4/15/2005	-	-	-	-	-	-	-	-	-	-	-	-	-	2.10%	11.51	6,586.56	-	-	-	-	1.62	
5/15/2005	-	-	-	-	-	-	-	-	-	-	-	-	-	2.12%	11.64	6,598.20	-	-	-	-	1.62	
6/15/2005	-	-	-	-	-	-	-	-	-	-	-	-	-	2.13%	11.71	6,609.91	-	-	-	-	1.62	
7/15/2005	-	-	-	-	-	-	-	-	-	-	-	-	-	2.16%	11.90	6,621.81	-	-	-	-	1.62	
8/15/2005	-	-	-	-	-	-	-	-	-	-	-	-	-	2.44%	13.46	6,635.27	-	-	-	-	1.62	
8/26/2005	26,483.85	-	-	26,483.85	6.38	(4.00)	(662.00)	25,817.85	-	-	-	-	25,817.85	2.44%	-	32,453.12	-	-	-	-	8.00	
9/15/2005	-	-	-	-	-	-	-	-	-	-	-	-	-	2.67%	72.21	32,525.33	-	-	-	-	8.00	
10/15/2005	-	-	-	-	-	-	-	-	-	-	-	-	-	2.65%	71.83	32,597.15	-	-	-	-	8.00	
11/15/2005	-	-	-	-	-	-	-	-	-	-	-	-	-	2.98%	80.95	32,678.10	-	-	-	-	8.00	
12/15/2005	-	-	-	-	-	-	-	-	-	-	-	-	-	3.13%	85.24	32,763.34	-	-	-	-	8.00	
1/15/2006	-	-	-	-	-	-	-	-	-	-	-	-	-	3.15%	86.00	32,849.34	-	-	-	-	8.00	
2/15/2006	-	-	-	-	-	-	-	-	-	-	-	-	-	3.25%	88.97	32,938.31	-	-	-	-	8.00	
3/15/2006	-	-	-	-	-	-	-	-	-	-	-	-	-	3.48%	95.52	33,033.83	-	-	-	-	8.00	
4/15/2006	-	-	-	-	-	-	-	-	-	-	-	-	-	3.57%	98.28	33,132.11	-	-	-	-	8.00	
5/15/2006	-	-	-	-	-	-	-	-	-	-	-	-	-	3.70%	102.16	33,234.26	-	-	-	-	8.00	
6/15/2006	-	-	-	-	-	-	-	-	-	-	-	-	-	3.80%	105.24	33,339.51	-	-	-	-	8.00	
7/15/2006	-	-	-	-	-	-	-	-	-	-	-	-	-	3.96%	110.02	33,449.53	-	-	-	-	8.00	
8/15/2006	-	-	-	-	-	-	-	-	-	-	-	-	-	4.02%	112.06	33,561.58	-	-	-	-	8.00	
9/15/2006	-	-	-	-	-	-	-	-	-	-	-	-	-	3.88%	108.52	33,670.10	-	-	-	-	8.00	
10/15/2006	-	-	-	-	-	-	-	-	-	-	-	-	-	3.77%	105.78	33,775.88	-	-	-	-	8.00	
11/15/2006	-	-	-	-	-	-	-	-	-	-	-	-	-	3.81%	107.24	33,883.12	-	-	-	-	8.00	
12/15/2006	-	-	-	-	-	-	-	-	-	-	-	-	-	3.81%	107.58	33,990.70	-	-	-	-	8.00	
1/15/2007	-	-	-	-	-	-	-	-	-	-	-	-	-	3.74%	105.94	34,096.63	-	-	-	-	8.00	
2/15/2007	-	-	-	-	-	-	-	-	-	-	-	-	-	3.86%	109.68	34,206.31	-	-	-	-	8.00	
3/15/2007	-	-	-	-	-	-	-	-	-	-	-	-	-	3.85%	109.75	34,316.06	-	-	-	-	8.00	
4/15/2007	-	-	-	-	-	-	-	-	-	-	-	-	-	3.72%	106.38	34,422.44	-	-	-	-	8.00	
5/15/2007	-	-	-	-	-	-	-	-	-	-	-	-	-	3.73%	107.00	34,529.43	-	-	-	-	8.00	
6/15/2007	-	-	-	-	-	-	-	-	-	-	-	-	-	3.71%	106.75	34,636.19	-	-	-	-	8.00	
7/15/2007	-	-	-	-	-	-	-	-	-	-	-	-	-	3.76%	108.53	34,744.71	-	-	-	-	8.00	
8/15/2007	-	-	-	-	-	-	-	-	-	-	-	-	-	3.76%	108.87	34,853.58	-	-	-	-	8.00	
9/15/2007	-	-	-	-	-	-	-	-	-	-	-	-	-	3.27%	94.98	34,948.56	-	-	-	-	8.00	
10/15/2007	-	-	-	-	-	-	-	-	-	-	-	-	-	2.94%	85.62	35,034.18	-	-	-	-	8.00	
11/15/2007	-	-	-	-	-	-	-	-	-	-	-	-	-	2.90%	84.67	35,118.85	-	-	-	-	8.00	
12/15/2007	-	-	-	-	-	-	-	-	-	-	-	-	-	2.30%	67.31	35,186.16	-	-	-	-	8.00	
1/15/2008	-	-	-	-	-	-	-	-	-	-	-	-	-	2.06%	60.40	35,246.56	-	-	-	-	8.00	
2/15/2008	-	-	-	-	-	-	-	-	-	-	-	-	-	1.51%	44.35	35,290.91	-	-	-	-	8.00	
3/15/2008	-	-	-	-	-	-	-	-	-	-	-	-	-	0.85%	25.00	35,315.91	-	-	-	-	8.00	
4/15/2008	-	-	-	-	-	-	-	-	-	-	-	-	-	0.34%	10.01	35,325.92	-	-	-	-	8.00	
5/15/2008	-	-	-	-	-	-	-	-	-	-	-	-	-	0.54%	15.90	35,341.81	-	-	-	-	8.00	
6/15/2008	-	-	-	-	-	-	-	-	-	-	-	-	-	0.86%	25.33	35,367.14	-	-	-	-	8.00	
7/15/2008	-	-	-	-	-	-	-	-	-	-	-	-	-	1.22%	35.96	35,403.10	-	-	-	-	8.00	

MPCT_deck_for_MDGA v3.pdf

Uploaded by: Mark Wozar

Position: FWA

Gain all earnings as defined in multiple Maryland state 529 contracts

Mark Wozar, a concerned parent, trying to gain access to all of contracted funds, to include earnings and contributions, from MPCT as per 18 years of contracts and compound interest via legislative action as MPCT has retroactively and secretly removed access to over \$130,000 to \$340,000 earnings from my MPCT accounts (that are “earmarked” for his sons' college funds) and continually refuse to communicate with him and others but MPCT, after having been cited for “bad” actives by the Maryland General Assembly, acts in a reprehensible manner with impunity! I ask for an investigation for my sons, and all contract holders funds immediately so that they be rolled over in accordance with contracts, investigations by SEC for forensic soundness of contractual accounts, potential charges of mail fraud, wire fraud, breach of contract, and obstruction of justice!

Overview

- Review contracts
- Review deposits
- Review statements
- Review of Office of Legislative Audits findings
- Review breach of contract
- Review mail fraud
- Review wire fraud
- Review of obstruction of justice
- Review recommendations to move forward

Long-term goal

- Via the legislative guarantee have the Maryland General Assembly fulfill their contractual duty and provide access to funds for Maryland Prepaid College Trust holders “Save here. Go anywhere.”
- Maryland General Assembly in the current session pass a bill, which is yet to be written, that has a line item to the general state budget authorizing a \$140 million dollar line-of-credit to MPCT so that students may follow their dreams

The Present Situation

- Four days after my son, Andrew, was born (in 2004) his MPCT account was opened; his “newborn” contract included:
 - MARYLAND LEGISLATIVE GUARANTEE: “Your investment comes with peace of mind. Maryland law provides that in the event that funds in the Trust are insufficient to pay full Benefits in any given year, the Governor shall include an amount in the following year’s State budget to fully pay Benefits, subject to the Maryland General Assembly’s final approval.”
 - “The transferable amount for transfers from the Prepaid College Trust to the Maryland College Investment plan will equal the equal the contributions to the Prepaid College Trust plus or minus 100% of the Investment Earnings or losses realized on the contributions at the time Account’s is transferred ” (Article VII, item 3; Appendix cross referenced)
 - Article IV Benefits – Calculations “**The Board may develop other methods for the calculation of Benefit...No such calculation may adversely alter the fundamental rights and obligations of the contract**”
 - Article VII number 3 discusses “Termination, Transfer and Rollover”
- Within a year his account was paid in full
- ~9 years (over 100 consecutive months) have been excluded from earnings calculations
- Maryland Prepaid College Trust refuses to answer questions

The Present Situation (continued)

“Beginning November 1, 2021 and first reflected in the actuarial valuation results as of June 30, 2021, the same interest crediting will be used in calculations performed for the Minimum Benefit, rollovers and refunds. Interest will be credited through October 31, 2021 on account balances at the Trust since inception rate of return as of June 30, 2021 (6.00 percent). Interest credited after October 31, 2021 will be based on the 10-year..”

The Present Situation (continued)

It does not supersede “Article IX – General Provisions” section “Changes to Contract.” (November 2003 - March 19, 2004 Contract), which states, in part “The Board may amend the terms of this Contract from time to time to comply with changes in the law or regulations or if the Board determines it is in the College Savings Plan of Maryland and/or the Prepaid College Trust's best interest to do so. However, the Board will not retroactively modify existing Contract provisions in a manner adverse to you or your Beneficiary except to the extent necessary to ensure compliance with applicable state (including the Enabling Legislation) and federal laws or regulations or to preserve the favorable tax treatment to you, your Beneficiary, the College Savings Plans of Maryland or the Prepaid College Trust. The Board will promptly notify you of such amendments”

The Present Situation (continued)

- Annual statements year after year documented Andrew's contributions and earnings (Appendix)

Note 1: Previous years (2004 to 2021) listed full account values (contributions and earnings)

- Until 2021 contributions and earnings were only accessible on web
- Annual statements prior to 2021 are not longer retrievable on web

Note 2: 2021 annual statement reported FAFSA value was in excess of \$85,000

Note 3: 2023 statement reported minimum value \$39,203 and NO max value

- 2022 annual statement reported no FAFSA value

The Present Situation (continued)

- Maryland General Assembly presents unfavorable MPCT report
- MPCT admits to “calculation error” but does not say what it is, provides a remediation time table
- MPCT does not state nor post “proper” calculation
- MPCT does not substantially respond to requests for calcification
- MPCT does not deny it amends its calculation in secret and admits does not provide a timetable for account holders to know their balances
- MPCT states the calculation error was one year only but overturns decades of account statements without stating why

The Present Situation (continued)

The following is a partial list describing documents found either by STO or Maryland 529:

- Documentation of disbursement transactions, totaling approximately \$4.3 million, that had never been recorded in or had been improperly recorded in Maryland 529's records
- Unopened and undelivered mail dating back at least 10 years
- Undeposited checks totaling \$14,000 dating back to October 2007
- Disbursement checks for individual amounts up to \$28,000 prepared but never sent to account holders dating back to August 2008
- Unprocessed refund requests dating back to April 2014

The Present Situation (continued)

- Unpaid invoices and delinquency notices from collection agencies
- Unresolved correspondence and other transactions, such as change in beneficiary forms
- Incomplete reconciliations of critical records, such as reconciliations of Maryland 529 records to the corresponding bank records
- Documentation of overpayments to account holders totaling approximately \$200,000
- The review of these discovered documents also uncovered the existence of a bank account. The account, which reflected a balance of approximately \$15 million as of June 2015, was determined to be used for the deposit of certain administrative fees received from the private investment company responsible for managing the Maryland College Investment Plan (MCIP).
- Maryland 529 management personnel identified certain irregularities attributed to a former Maryland 529 employee's personal Maryland 529 accounts.

The Present Situation (continued)

- MPCT representatives distort facts in hearings
- Maryland General Assembly was provided a DRAFT bill to rectify the situation and condones the act as they have done nothing
- Maryland General Assembly does not have solution scheduled to be heard (let alone rectified) until January 2025
- Maryland General Assembly legal counsel have been notified that SEC has been contacted
- SEC has an open file number on the situation (01281070)

Development up to present

- Current calculations have never been and are currently not being shared
- Original forecasts which turned out to be wrong
- Original forecasts which turned out to be true but were changed

Current calculations have never been and are currently not being shared

- I have requested my accounts be examined and/or my calculations be commented on via form, email, phone contacts to MPCT and their vendor but am only told I have the principle; the interest is LOST
- If interest is cumulative and not once, why does the amount vary so? No one will answer the question
- I have asked that the MPCT posted on the web the spreadsheets used for calculations
- Why were previous valuations removed from web?

Original forecasts which turned out to be wrong

- 6% retroactive charge is less than the variable earnings compounded since the inception of the contract
- Calculation error

Original forecasts which turned out to be true but were changed

- Per Audit MPCT is now purposefully conducting “a documented evaluation of the methodology it uses for calculating refund and rollover payments, including consideration of methodologies used by other states, to ensure that rollover and refund payments are not excessive” breaking existing contracts
- Even after the audit found interests calculations were “overcompensating” some, MPCT still provided rollovers, but since migrating out of Maryland no interest is being promised

Original forecasts which turned out to be true but were changed (continued)

- MPCT admits that “earnings increase at the rate of 6% per year”
- MPCT admits earnings will be at least 6% when no “distribution for Tuition prior to November 1, 2021”
- MPCT stated that every month would be included interest calculation
- MGA audit clearly states “Under Maryland 529's current methodology, interest earnings for each year were calculated...using a 'since inception rate'”

Original forecasts which turned out to be true but were changed (continued)

- Indeed, “In total, incorrect values were shown for approximately 4-6 months between November 2021 and April 2022,” Savia said; previous statements are correct and since inception rate is to be used for all calculations until May 2021 and then after November 2021, leaving only 6 months in flux.
- Per SEC regulations and Sarbanes-Oxley electronic records are to be accessible for years

Development up to present (continued)

Rollover and Refund Methodology Used in Other States

We determined that there are currently nine other states that offer prepaid college contracts. We contacted five of those states to compare their rollover and refund methodologies to Maryland 529's methodology. We were informed by officials in four states that they generally limited rollover and refund payments to the current value of the college benefits available to the account beneficiary at the time of the account holder's request for rollover or refund. We applied this methodology to the MPCT account rollover to MCIP made in May 2018 that was illustrated in Table 2. Using the maximum value of Maryland State university and college benefits at the time of the rollover, we determined that the rollover payment would have been \$44,357 rather than the \$77,012 (\$44,902 account balance and \$32,110 interest) payment made as determined by Maryland 529's current methodology.

The fifth state contacted advised that it used a pre-defined market index, which, for the period from April to June of 2018, was 2.16 percent. We did not attempt to calculate interest for this account using a market index.

Recommendation 6

Since the purpose of MPCT is to contract for a guaranteed payment of State university or college costs for a specified beneficiary, and not as an investment vehicle, we recommend that the Maryland 529 Board

- a. conduct a documented evaluation of the methodology it uses for calculating refund and rollover payments, including consideration of methodologies used by other states, to ensure that rollover and refund payments are not excessive; and
- b. ensure that future tuition contracts clearly reflect any changes Maryland 529 considers necessary as a result of this evaluation.

Per Audit MPCT “a documented evaluation of the methodology it uses for calculating refund and rollover payments” may have overcompensated some, but now they offer no earnings and have wiped out previous contractually guaranteed earnings retroactively and secretly; I submit breaking 2013 Maryland Code COMMERCIAL LAW § 22-701

Development up to present (continued)

Table 2
Schedule of Interest Earnings For 2018 Rollover Example
Comparing Different Interest Calculation Methodologies
Three Interest Earning Calculations

Year	Fiscal Year	Cumulative Account Balance	Three Interest Earning Calculations		
			Current Method: Maryland 529 Actual Calculation ¹	Scenario A: Office of Legislative Audits Calculation using "Since Inception" Rate ²	Scenario B: Office of Legislative Audits Calculation using Actual Annual Rate of Return ³
1	2006	\$ 3,454	\$ 2,470	\$ 190	\$ 276
2	2007	6,908	2,470	380	1,071
3	2008	10,362	2,470	570	(601)
4	2009	13,816	2,470	760	(2,818)
5	2010	17,270	2,470	950	2,418
6	2011	20,724	2,470	1,140	4,352
7	2012	24,178	2,470	1,330	387
8	2013	27,632	2,470	1,520	2,957
9	2014	31,086	2,470	1,710	5,751
10	2015	34,540	2,470	1,900	836
11	2016	37,994	2,470	2,090	(266)
12	2017	41,448	2,470	2,280	5,098
13	2018	44,902	2,470	2,470	3,188
Total			\$ 32,110	\$ 17,290	\$ 22,649

Source: Maryland 529 records and audited financial statements

Tickmark Key:

¹ Under Maryland 529's current methodology, interest earnings for each year were calculated by Maryland 529 based on the final account balance at the time of rollover (\$44,902) using a "since inception" rate of 5.5 percent.

² Under Scenario A, interest was calculated annually based on the estimated account balance for each fiscal year-end using simple interest at a "since inception" rate of 5.5 percent.

³ Under Scenario B, interest was calculated annually based on the estimated account balance for each fiscal year-end using simple interest at the MPCT annual rate of return for that year as stated in the annual financial statements.

Maryland529

Formerly College Savings Plans of Maryland

July 30, 2020

The Maryland Prepaid College Trust has completed your request to calculate the value of your account(s). In accordance with the plan guidelines, you will receive your initial principal balance less any disbursements along with all corresponding realized earnings less fees, since inception. The disbursement you will receive is reported as follows:

Principal: \$ 8,487.50
Earnings: \$ 7,456.06
Fees: \$ -32.00
Total: \$ 15,911.56

Please note that these figures are calculated as of today's date and they may vary based on the receipt of the final request.

Sincerely,

MPCT Accounts Department

217 E. REDWOOD STREET | SUITE 1350 | BALTIMORE, MARYLAND 21202 | TELEPHONE TOLL FREE 888-4MD-GRAD
TTY MARYLAND RELAY: 800-735-2258 | FAX (410) 333-2295 | WWW.MARYLAND529.COM

Maryland529

Formerly College Savings Plans of Maryland

August 1, 2019

Dear Account Holder,

The Maryland Prepaid College Trust has completed your request to calculate the value of your account. In accordance with the plan guidelines, you will receive your initial principal balance less any disbursements along with all corresponding realized earnings less fees, since inception. The disbursement you will receive is reported as follows:

Rollover Value - .25 units

Principal: \$ 2,121.88
Earnings: \$ 1,934.35
Fees: \$ (60.00)
Total: \$ 3,996.23

Rollover Value - .50 units

Principal: \$ 4,243.75
Earnings: \$ 3,868.71
Fees: \$ (60.00)
Total: \$ 8,052.46

Please note that these figures are calculated as of today's date and that they may vary based on the receipt of the final request. If you have any additional questions, please contact our dedicated team at (888) 463-4723 option 2 or by emailing customer.service@md529.org.

Sincerely,

Maryland Prepaid College Trust
(443)769-1042
rolandson@maryland529.org
WWW.MARYLAND529.COM

17 E. REDWOOD STREET | SUITE 1350 | BALTIMORE, MARYLAND 21202 | TELEPHONE TOLL FREE 888-4MD-GRAD
TTY MARYLAND RELAY: 800-735-2258 | FAX (410) 333-2295 | WWW.MARYLAND529.COM

1. Previous rollovers were paid out using "since inception" rate; now others, like Andrew, get no interest

2. Notice the audit clearly states "Under Maryland 529's current methodology, interest earnings for each year were calculated...using a 'since inception rate'". Indeed, "In total, incorrect values were shown for approximately 4-6 months between November 2021 and April 2022," Savia said; previous statements are correct and since inception rate is to be used for all calculations until May 2021 and then after November 2021, leaving only 6 months in flux.

Development up to present (continued)

Maryland529
formerly College Savings Plans of Maryland

September 22, 2020

The Maryland Prepaid College Trust has completed your request to calculate the value of In accordance with the plan guidelines, you will receive your initial principal balance less disbursements along with all corresponding realized earnings less fees, since inception. The amount you will receive is reported as follows:

Rollover	XXXX [REDACTED]
Purchaser:	[REDACTED]
Beneficiary:	[REDACTED]
Principal:	\$ 40,804.00
Earnings:	\$ 29,519.65
Fees:	\$-260.00
Total:	\$70,063.65

Please note that these figures are calculated as of today's date are final as of the day of your request.

Sincerely,
MPCT Accounts Department
[REDACTED]
Fiscal Accounts Clerk
443-240-8306

From: Maryland 529 Customer Relations Team [mailto:accounts@maryland529.org]
Sent: Tuesday, September 26, 2017 4:22 PM
To: [REDACTED]
Cc: [REDACTED]
Subject: Re: [REDACTED]

Good Afternoon,
If your daughter goes to a Maryland public college, you are correct, tuition will be covered regardless of the amount available on the contract. If there is a remaining balance available on your contract, each semester you are able to claim your unused benefit and use it towards other qualified higher education expenses. You can use the funds towards graduate classes. Or you can transfer the funds to another beneficiary depending on the amount remaining.

If you have any other questions, please feel free to reach out to our dedicated customer relations team at [REDACTED]

Thank you for your participation in Maryland 529!

Accountant II
Maryland Prepaid College Trust
Phone: [REDACTED]
Benefits@Maryland529.org
WWW.Maryland529.com

The contents of this e-mail and any attachments are intended solely for the use of the named addressee(s) and may contain confidential and/or privileged information. Any unauthorized use, copying, disclosure, or distribution of the contents of this e-mail is strictly prohibited by the sender and may be unlawful. If you are not the intended recipient, please notify the sender immediately and delete this e-mail.

On Mon, Sep 25 at 4:52 PM [REDACTED] wrote:
Thank you for the information [REDACTED]. We are trying to decide whether or not we should do a rollover, and a response to the following questions would be very helpful:

If my daughter goes to a Maryland public college, like UMCP, I understand that her tuition for four years would be covered, regardless of the actual amount that is available in her 529 plan, is that correct? If she has \$64,175.64 in the 529 plan, but tuition only is \$40,000 (over four years), what happens to the difference?

Thanks for your help,
[REDACTED]

From: Maryland 529 Customer Relations Team [mailto:accounts@maryland529.org]
Sent: Wednesday, September 20, 2017 3:07 PM
To: [REDACTED]
Subject: Re: Re: Question re: MD Prepaid College Trust Account (Existing Account Holder)

Good Afternoon,
Below is a calculation of the refund/rollover value of your account number [REDACTED]

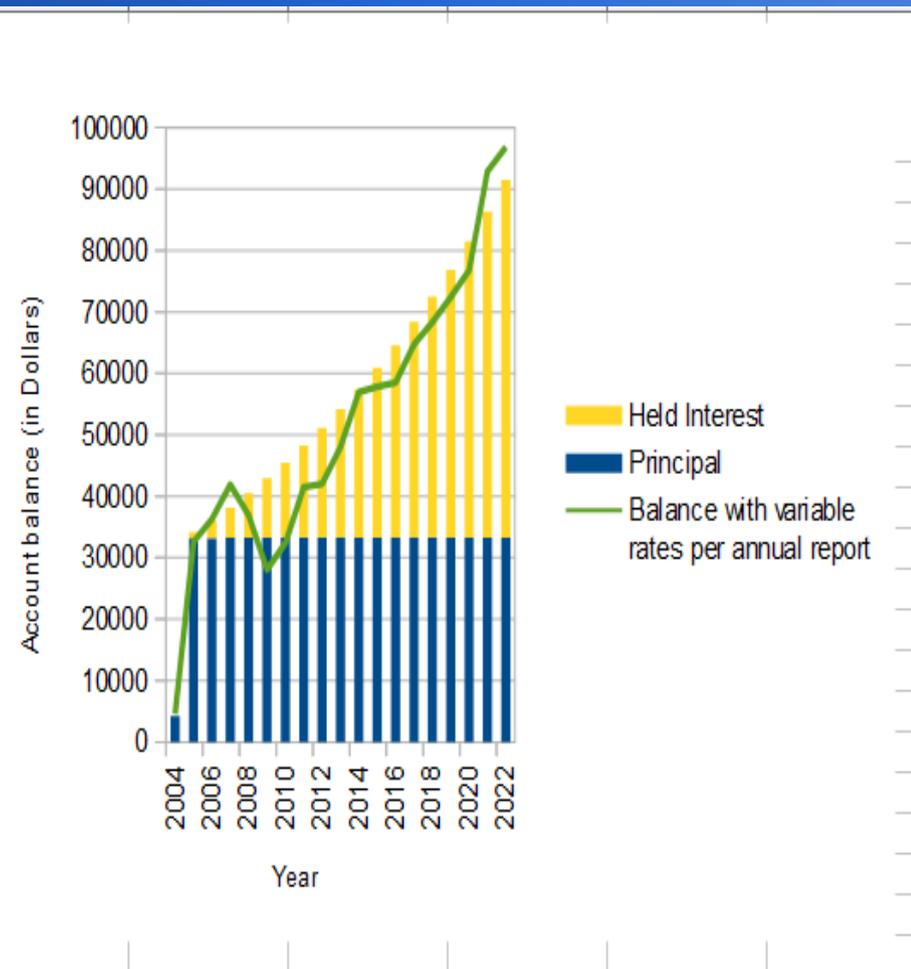
Rollover Value
Principal: \$40,804.00
Earnings: \$23,631.64
Fees: (\$260.00)
Rollover Value: \$64,175.64

Thank you for your participation in Maryland 529!
[REDACTED]

Although previous rollovers were paid out, no formula was ever shared; some people got paid; now others get nothing

Development up to present (continued)

Year	Principal	Held Interest	5.5 for each year	5.8 for each year	6 for each year	Balance with variable rates per annual report
12/31/04	\$4,230.00	\$0.00	\$35,040.61	\$35,140.25	\$35,206.68	\$4,600.13
12/31/05	\$33,213.85	\$932.83	\$36,967.85	\$37,178.39	\$37,319.08	\$32,545.91
12/31/06	\$33,214.85	\$2,809.90	\$39,001.08	\$39,334.73	\$39,558.23	\$36,288.68
12/31/07	\$33,215.85	\$4,970.38	\$41,146.14	\$41,616.15	\$41,931.72	\$41,913.43
12/31/08	\$33,216.85	\$7,260.56	\$43,409.17	\$44,029.89	\$44,447.62	\$36,913.16
12/31/09	\$33,217.85	\$9,688.20	\$45,796.68	\$46,583.62	\$47,114.48	\$28,054.00
12/31/10	\$33,218.85	\$12,261.56	\$48,315.50	\$49,285.47	\$49,941.35	\$32,407.98
12/31/11	\$33,219.85	\$14,989.39	\$50,972.85	\$52,144.03	\$52,937.83	\$41,482.22
12/31/12	\$33,220.85	\$17,880.94	\$53,776.35	\$55,168.38	\$56,114.10	\$42,021.48
12/31/13	\$33,221.85	\$20,946.05	\$56,734.05	\$58,368.15	\$59,480.95	\$48,030.56
12/31/14	\$33,222.85	\$24,195.13	\$59,854.43	\$61,753.50	\$63,049.80	\$56,964.24
12/31/15	\$33,223.85	\$27,639.20	\$63,146.42	\$65,335.20	\$66,832.79	\$57,830.10
12/31/16	\$33,224.85	\$31,289.99	\$66,619.47	\$69,124.64	\$70,842.76	\$58,500.93
12/31/17	\$33,225.85	\$35,159.88	\$70,283.54	\$73,133.87	\$75,093.32	\$64,731.27
12/31/18	\$33,226.85	\$39,262.02	\$74,149.14	\$77,375.64	\$79,598.92	\$68,310.91
12/31/19	\$33,227.85	\$43,610.35	\$78,227.34	\$81,863.42	\$84,374.86	\$72,423.23
12/31/20	\$33,228.85	\$48,219.65	\$82,529.85	\$86,611.50	\$89,437.35	\$76,768.62
12/31/21	\$33,229.85	\$53,105.56	\$87,068.99	\$91,634.97	\$94,803.59	\$92,890.04
12/31/22	\$33,230.85	\$58,284.68	\$91,857.78	\$96,949.80	\$100,491.81	\$96,837.86



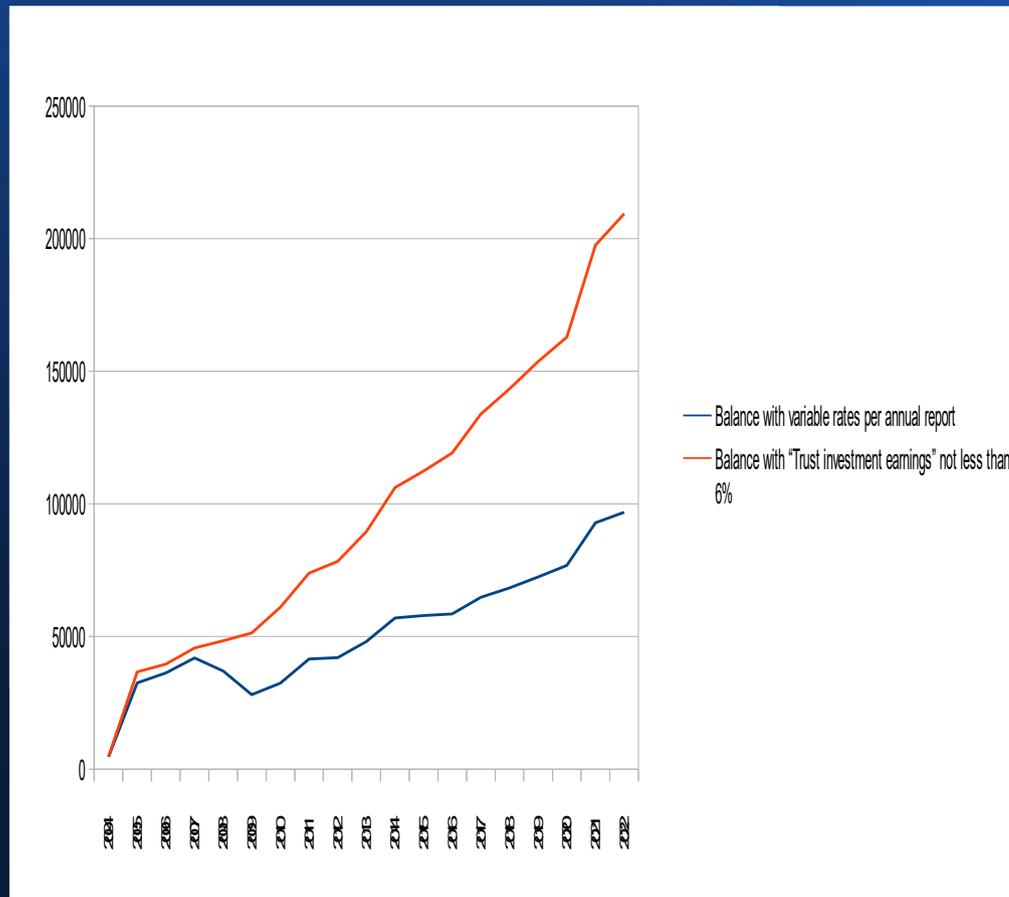
Since no formula was ever shared, I shared my calculations with MPCCT and asked for discussion per requirement; Andrew's been rebuffed

Development up to present (continued)

Year	Annual reported interest	Multiplication value based on Contract modification clause	Source (https://maryland529.com/About-Us/Annual-Reports)
2004	13.2000%	13.2000%	https://maryland529.com/Portals/0/Files/AnnualReports/2004/2004AR.pdf "The Prepaid College Trust's investments earned an overall return of 13.2% during fiscal year 2004"
2005	8.4000%	8.4000%	https://maryland529.com/Portals/0/Files/AnnualReports/2005/2005AR.pdf "The Prepaid College Trust's investments produced an overall rate of 8.40%"
2006	8.0000%	8.0000%	https://maryland529.com/Portals/0/Files/AnnualReports/2006/2006AR.pdf "The Prepaid College Trust's investments produced an overall return of 8.0% during Fiscal Year 2006"
2007	15.5000%	15.5000%	https://maryland529.com/Portals/0/Files/AnnualReports/2007/2007AR.pdf "The Trust's investments produced an overall return of 15.5% during fiscal year 2007"
2008	-5.8000%	6.0000%	"The primary reason for this decline is that the Trust's investments produced an overall loss of 5.8%"
2009	-20.4000%	6.0000%	file:///C:/Andrew/College/CSP_AR09_FINAL.pdf "For the fiscal year, investments in the Prepaid College Trust declined by 20.4%."
2010	14.0000%	14.0000%	CSPMD_current_annual_report_summary_2010.pdf "This increase was primarily due to the 14.0% return on the Trust's investments for the period"
2011	21.0000%	21.0000%	CSPMD_Annual_Report_Summary_2011.pdf "This increase was primarily due to the 21.0% return on the Trust's investments for the period"
2012	1.6000%	6.0000%	CSPMD_Annual_Report_Summary_2012.pdf "This increase was negatively impacted by the 1.6% return on the Trust's investments for the period"
2013	19.0000%	19.0000%	CSPMD_Annual_Report_Summary_2013.pdf "This is nearly a 20% increase in investments over the past fiscal year."
2014	18.5000%	18.5000%	CSPMD_Annual_Report_Summary_2014.pdf "Investments in the Maryland Prepaid College Trust earned about 18.5%."
2015	2.4200%	6.0000%	MD529_AR_2015_FINAL_.pdf "Investments in the Maryland Prepaid College Trust earned approximately 2.42%"
2016	-0.7000%	6.0000%	"Investments in the Maryland Prepaid College Trust were relatively flat for the fiscal year with a - 0.7% return with the investment. "

Since no formula was ever shared, I shared my calculations with MPCT and asked for discussion per requirement; nothing under 6% impacts bottom line

Development up to present (continued)



Year	Principal	6% for each year	Balance with variable rates per annual report	variable rates per annual report using "Trust investment earnings"	Balance with "Trust investment earnings" not less than 6%
2004	\$4,230.00	\$4,483.80	\$4,600.13	\$4,788.36	\$4,788.36
2005	\$33,213.85	\$35,475.71	\$36,220.18	\$36,609.08	\$36,609.08
2006	\$33,214.85	\$37,604.25	\$40,385.50	\$39,537.80	\$39,537.80
2007	\$33,215.85	\$39,860.51	\$46,645.26	\$45,666.16	\$45,666.16
2008	\$33,216.85	\$42,252.14	\$41,080.48	\$43,017.52	\$48,406.13
2009	\$33,217.85	\$44,787.27	\$31,221.16	\$33,123.49	\$51,310.50
2010	\$33,218.85	\$47,474.50	\$36,066.69	\$39,416.96	\$61,059.49
2011	\$33,219.85	\$50,322.97	\$46,165.36	\$47,694.52	\$73,881.99
2012	\$33,220.85	\$53,342.35	\$46,765.51	\$48,457.63	\$78,314.91
2013	\$33,221.85	\$56,542.89	\$53,452.98	\$55,387.07	\$89,513.94
2014	\$33,222.85	\$59,935.46	\$63,395.23	\$65,633.68	\$106,074.02
2015	\$33,223.85	\$63,531.59	\$64,358.84	\$67,222.01	\$112,438.46
2016	\$33,224.85	\$67,343.49	\$65,105.40	\$66,751.46	\$119,184.76
2017	\$33,225.85	\$71,384.10	\$72,039.13	\$74,961.89	\$133,844.49
2018	\$33,226.85	\$75,667.14	\$76,022.89	\$80,284.18	\$143,347.45
2019	\$33,227.85	\$80,207.17	\$80,599.47	\$86,064.65	\$153,668.47
2020	\$33,228.85	\$85,019.60	\$85,435.44	\$90,970.33	\$162,888.57
2021	\$33,229.85	\$90,120.78	\$103,376.88	\$110,347.01	\$197,583.84
2022	\$33,230.85	\$95,528.02	\$107,770.39	\$115,036.76	\$209,438.87

Since no formula was ever shared, I shared my calculations with MPC1 and asked for discussion per requirement; nothing under 6% impacts bottom line

Development up to present (continued)

Should Account Holders expect that the earnings calculation used to calculate interest be the same as the 2022 Plan Disclosure Statement?

The terms of the 2022 Prepaid College Trust Disclosure Statement remain in effect and will be used to review distributions since November 1, 2021. No update to the plan terms with respect to the calculation of Minimum Benefits, rollovers, and refunds is anticipated at this time.

If the calculation issue occurred at the time of the November 1, 2021 conversion, why wasn't the issue resolved before the next Tuition cycle?

The conversion occurred after fall 2021 Tuition had been processed and before the start of spring 2022 Tuition cycle. We have been working with Intuition since we first discovered the problem to correct the calculations. To avoid providing inaccurate information, the Minimum Benefit calculation was suspended while we worked with consultants to determine the source of the problem. We have been working to identify the source of the issue so that we can correct the calculations and reactivate the automatic calculation of the benefit and have it displayed correctly in Account Holder's Account page.

When do earnings stop accruing?

There is a maximum benefit calculation that stops accruing earnings on a date that is equal to the Projected Enrollment Year (the year your beneficiary became college age—that was used to set plan pricing), plus 10 years, plus the number of years purchased under the contract.

1. When contacted, Intuition admits they only may view contributions and withdraws
2. MPCT admits it has yet to identify the "calculation error"

Development up to present (continued)

Calculation FAQs x 4004003982-Wozar.pdf x New tab x +

https://maryland529.com/Account-Holders/Maryland-Prepaid-College-Trust/MPCT-Earnings-Calculation-Updates/Calculation-FAQs

FAQs Contact Us Give a Gift Log In Open an Account

Maryland529

529 Basics Investment Plan Prepaid Plan Account Holders About Us In the Community

Why would Account Holder's Account page show different amounts from what it should have been under the Plan Disclosure Statement?

If I already rolled over principal, will Maryland 529 pay interest on earnings that are being held in the Account?

How are Operating Expenses applied?

How are earnings calculated for Accounts in existence on October 31, 2021?

If you made contributions prior to November 1, 2021, the earnings increase at the rate of 6% per year, compounded monthly. These contributions continue to earn at the 6% rate. However, if funds that were contributed prior to November 1, 2021, were also distributed for Tuition prior to November 1, 2021, the funds attributable to the earlier distributions are not entitled to the new earnings rate – rather they would have received the rate in effect under the Plan at the time of that distribution. The new rate is applicable to the balance of pre-November 1, 2021 contributions still in your account as of that date. If you made contributions to your plan after November 1, 2021, you will earn a rate that is set annually based on the 10-year Treasury Note.

1. MPCT admits that “earnings increase at the rate of 6% per year”

2. MPCT admits earnings will be at least 6% when no “distribution for Tuition prior to November 1, 2021”

Development up to present (continued)

The screenshot shows a Maryland 529 account statement. The top header includes the Maryland 529 logo and a disclaimer: "This Report is based on account and transactional data provided from the Intuition platform. Approximate distribution of data may differ. No Report reflects a contract or guarantee." Below the header is a table with multiple columns, including dates, descriptions, and monetary values. The table is divided into sections, with some rows highlighted in green and others in grey. The data appears to be organized chronologically, showing various transactions and account balances over time.

Disclaimer:

This Report is based on account and transactional data provided from the Intuition platform.

Minimum Benefit Remaining (\$): **\$ 39,071.19**

Semesters Remaining (#): **8.00**

- ✓ 8/15/2008
- ✓ 9/15/2008
- ✓ 10/15/2008
- ✓ 11/15/2008
- ✓ 8/15/2017
- ✓ 9/15/2017
- ✓ 10/15/2017

To: You Fri 2/17/2023 6:54 PM

Hey Mark- thank you for sending the document. This looks like a bank statement. I don't see Grant Thornton listed anywhere. This is not a GT generated document. Do you have something that shows GT has a connection to this account? That would be helpful.

Thanks so much,

1. Report is based on derived data; not primary data
2. Approximately 9 years (over 100 months) of data are excluded from calculations
3. Value reported is a loss of about \$47,000 from 2021 FAFSA value and about \$130,000 less that maximum calculation; NO contact information
4. Grant Thornton did not recognize the statement; making me question who made the statement; MPCT refuses to answer who authored it

MPCT Substantively Does not Answer Questions

From: mpctquestions <mpctquestions@mdprepaidcollegetrust.com>
Sent: Tuesday, January 10, 2023 3:00 PM
To: MWOZAR@HOTMAIL.COM <MWOZAR@HOTMAIL.COM>
Subject: Maryland Prepaid College Trust

Dear Mr Wozar:

MD529 is currently reviewing and prioritizing customers who complete the Request for Account Support Form. You can access the online version of the form here: https://docs.google.com/forms/d/e/1FAIpQLSdYatvRU2sngYtUJ6HSM4WE2yf_7R_TFWEYFyxJRXuCSZtkA/viewform

Google Forms: Sign-in

Access Google Forms with a personal Google account or Google Workspace account (for business use).

docs.google.com

For more information on completing the form or regarding the manual account reviews, please contact MD529 at 1-800-734-5382.

Thank you.

Maryland Prepaid College Trust

Dear Mr. Wozar,

I apologize for the frustration you are experiencing, but as I am not a member of the customer support or account services teams and have no access to account holder information, I am personally unable to provide assistance regarding your account. However, as you have stated that you completed and submitted the Request for Account Support form, a member of the Maryland 529 account services team will contact you.

I hope the following information is helpful in explaining the Request for Account Support process:

- At this time, and in an abundance of caution, Prepaid College Trust Tuition Plan accounts are being individually reviewed by outside certified public accountants based on a priority system to help confirm accuracy of calculations.
- The completion of the Request for Account Support Form puts the Prepaid College Trust Tuition Plan Account Holder in the queue for a manual or other review based on the assigned priority level - if you submitted your form, you are now in the queue.
- Upon completion of the manual review process (if applicable), the priority Account Holder will receive a MPCT Tuition Plan Manual Review Report and an explanation of next steps - including the actions the Account Holder may take on their MPCT Tuition Plan account.

The most recent updates on this issue can also be found on our website at <https://maryland529.com/Account-Holders/Maryland-Prepaid-College-Trust/MPCT-FAQs/Interest-Calculation-FAQs>

If you have additional questions regarding your request for account support form, please direct them to: mpctassistance.md529@maryland.gov.

Sincerely,

Michelle Winner
Director of Marketing
Maryland 529
217 E. Redwood Street
Suite 1350
Baltimore, MD 21202

RE: Re: Maryland 529

 MPCTQuestions@mdprepaidcollegetrust.com
To: You

Start reply with:

Thank you for contacting **Maryland Prepaid College Trust**.

Your email has been received and has been sent to the appropriate department for review.

Sincerely,
Maryland Prepaid College Trust

Customer Engagement Center

1-888-463-4723, option 2

Hours of Operation

Monday – Friday

8:00am – 5:00pm ET

All requests must be uploaded on your online access.

Since no formula was ever shared, I shared my calculations with MPCT and asked for discussion per requirement; I have been rebuffed

MPCT's Hearing Testimony includes Untruths

48 minutes into the B&T Jan 24, 2023 hearing

- “No account holders have lost funds” is a distortion as the accounts have decreased by over \$130,000 and no one has substantively contacted me nor has the formula been provided
- In June of 2021, 17 years after the contract was agreed upon, the Board made a contractual amendments to rollover calculation and refund amount and calculation of the minimum benefit value...this change was done secretly and retroactively...many people earned interest as was previously shown
- “The increase to attributable earnings became effective November 1, 2021” is a misrepresentation of the truth as was shown earlier

MPCT's Hearing Testimony includes Untruths (continued)

- MPCT quibble that account holders only “have access to principle contribution”...the earns have been removed for over a year
- He continues “The primary has not been materially impacted”
- The “correction”/”amended” formula has never been shared/reported...only the contribution/principle is accessible
- The manual accounting is problematic as was previously reported in the Maryland General Assembly audit
- Portal showed incorrect values for 4 to 6 months from November 2021 to April 2022...the portal showed the correct information before amendment
- MPCT, is not exempt from sovereign immunity; indeed, the EEE's own legal counsel stated that MPCT may be sued and/or investigated by Federal agencies like the SEC and/or FBI for crimes

MPCT's Hearing Testimony includes Untruths (continued)

- MPCT did not mention Maryland 529 personnel also found 187 boxes of old business documents, some dating back 10 years or more, stored in the Maryland 529 records room for which required action had never been taken.
 - Assuming that one box holds 4,000 to 4,500 11 x 8.5 sheets of paper
 - If the contents of the boxes would be taken out and stacked landscape, the length of the paper would be so long as to blaze two-round trips from Annapolis to Baltimore
- MPCT did not mention high management and staff turnover
- MPCT did not mention “manually prepared calculations” are error prone and could be defeated by automation but MPCT refuse to provide calculations, especially for rollovers; MPCT refuse to provide account statuses when asked in writing

MPCT's Hearing Testimony includes Untruths (continued)

<https://www.marylandmatters.org/2023/01/29/ahead-of-board-meeting-maryland-529-director-details-accounting-iss>

GOVERNMENT & POLITICS ENVIRONMENT HEALTH EDUCATION JUSTICE TRANSPORTATION WORK & THE ECONOMY

Maryland 529 Prepaid College Trust accounting samples

Amount account holder saw on 2018 year-end statement	Amount on 2019 year-end statement	Amount on 2020 year-end statement	Erroneous amount on 2021 statement
18,120.00	18,120.00	18,120.00	24,793.09
27,133.00	27,133.00	27,133.00	35,983.16
27,133.00	27,133.00	27,133.00	65,264.81
31,324.00	31,324.00	31,324.00	37,510.77
35,695.00	35,695.00	35,695.00	86,537.24
41,280.00	41,280.00	41,280.00	94,536.58
44,403.64	44,403.64	44,403.64	72,157.43
44,160.00	44,160.00	44,160.00	84,762.04
29,484.00	29,484.00	29,484.00	44,722.10
21,724.00	21,724.00	21,724.00	39,882.03
10,724.00	10,724.00	10,724.00	15,357.26
10,674.00	10,674.00	10,674.00	16,228.50
55,692.00	55,692.00	55,692.00	78,914.28
53,646.00	53,646.00	53,646.00	80,286.17
39,026.00	39,026.00	39,026.00	73,693.23
27,160.00	27,160.00	27,160.00	51,812.54
37,313.00	37,313.00	37,313.00	83,615.92
17,264.00	17,264.00	17,264.00	33,267.12
31,221.00	31,221.00	31,221.00	66,426.51
31,184.00	31,184.00	31,184.00	84,135.36
26,618.56	26,618.56	26,618.56	63,559.62
55,692.00	55,692.00	55,692.00	89,149.91
31,184.00	31,184.00	31,184.00	84,978.82
42,300.00	42,300.00	42,300.00	88,482.94
38,714.00	38,714.00	38,714.00	33,921.91
26,030.00	26,030.00	26,030.00	25,542.98
38,319.00	38,319.00	38,319.00	20,774.24
33,177.00	33,177.00	33,177.00	33,333.02

After reviewing Ahead of board meeting, Maryland 529 director details accounting issues in memo to lawmakers - Maryland Matters, (By William F. Zorzi January 29, 2023) I am troubled that I cannot reconcile the math accounted for accounts that was presented in testimony that had **NO INTEREST FOR TWO YEARS** and all ended in zeros.

Maryland SB475...won't come to floor until 2025...leaving MPCT without funds for 2 more years

SB 475

Senator Klausmeier, et al

WORKGROUP ON THE MARYLAND 529 PREPAID COLLEGE TRUST PROGRAM

Establishing the Workgroup on the Maryland 529 Prepaid College Trust Program; requiring the Workgroup to identify policies, procedures, and practices that led to issues relating to the earnings calculation formula and Maryland 529 account holders' inability to access their prepaid college trust benefits to pay for college expenses; requiring the Workgroup to develop and make recommendations for improvement in certain areas; and requiring the Workgroup to report its findings and recommendations on or before June 1, 2024.

EMERGENCY BILL

Assigned to: Education, Energy, and the Environment

The screenshot shows a web browser window with the URL <https://mgaleg.maryland.gov/mgawebsite/legislation/details/sb0475?ys=2023rs>. The page header features the Maryland General Assembly logo and a search bar. The navigation menu includes: MEMBERS, COMMITTEES, MEETINGS, LEGISLATION, BUDGET, LAWS, FLOOR ACTIONS, and SEARCH & ARCHIVES. The main content area displays the following information:

Title	Workgroup on the Maryland 529 Prepaid College Trust Program
Sponsored by	Senators Klausmeier , Augustine , Brooks , Carozza , Elfreth , Feldman , Gallion , Hershey , Gile , Kramer , Rosapepe , Guzzone , Muse , Ready , Salling , and Zucker
Status	In the Senate - First Reading Education, Energy, and the Environment
Analysis Synopsis	Establishing the Workgroup on the Maryland 529 Prepaid College Trust Program; requiring the Workgroup to identify policies, procedures, and practices that led to issues relating to the earnings calculation formula and Maryland 529 account holders' inability to access their prepaid college trust benefits to pay for college expenses; requiring the Workgroup to develop and make recommendations for improvement in certain areas; and requiring the Workgroup to report its findings and recommendations on or before June 1, 2024.
Committees	Original: Education, Energy, and the Environment
Details	Emergency Bill Bill File Type: Regular

2013 Maryland Code

COMMERCIAL LAW

§ 22-701 - Breach of contract; material breach

(a) Whether a party is in breach of contract is determined by the agreement or, in the absence of agreement, this title. A breach occurs if a party without legal excuse fails to perform an obligation in a timely manner, repudiates a contract, or exceeds a contractual use term, or otherwise is not in compliance with an obligation placed on it by this title or the agreement. A breach, whether or not material, entitles the aggrieved party to its remedies. Whether a breach of a contractual use term is an infringement or a misappropriation is determined by applicable informational property rights law.

(b) A breach of contract is material if:

(1) The contract so provides;

(2) The breach is a substantial failure to perform a term that is an essential element of the agreement; or

(3) The circumstances, including the language of the agreement, the reasonable expectations of the parties, the standards and practices of the business, trade, or industry, and the character of the breach, indicate that:

(A) The breach caused or is likely to cause substantial harm to the aggrieved party; or

(B) The breach substantially deprived or is likely substantially to deprive the aggrieved party of a significant benefit it reasonably expected under the contract.

1. Maryland Prepaid College Trust authored the contract as such Maryland Prepaid College Trust is held to its standard

2. Maryland has not in a timely manner met the contract term as it has previously thereby making a substantive failure to agreement deprive the contract holder a significant benefit, access to all funds (earnings and initial investment) for a college expenses

Mail Fraud Defined

- 940. 18 U.S.C. SECTION 1341—ELEMENTS OF MAIL FRAUD
- "There are two elements in mail fraud: (1) having devised or intending to devise a scheme to defraud (or to perform specified fraudulent acts), and (2) use of the mail for the purpose of executing, or attempting to execute, the scheme (or specified fraudulent acts)." *Schmuck v. United States*, 489 U.S. 705, 721 n. 10 (1989); see also *Pereira v. United States*, 347 U.S. 1, 8 (1954) ("The elements of the offense of mail fraud under . . . § 1341 are (1) a scheme to defraud, and (2) the mailing of a letter, etc., for the purpose of executing the scheme."); Laura A. Eilers & Harvey B. Silikovitz, *Mail and Wire Fraud*, 31 *Am. Crim. L. Rev.* 703, 704 (1994) (cases cited).
- "Mail fraud is the illegal use of the postal system to cheat people out of their money"
- MPCT used the mail to state contribution and earnings statements to over 31,000 account holders but refuses to provide earnings even though the contract clearly states that the account holder will receive them when rolling over; MPCT admits to secretly and retroactively making contractual amendments and refuses to timely provide calculations

Wire Fraud Defined

- The U.S. Department of Justice Criminal Resource Manual Section 941.18 U.S.C. 1343 cites these as the key elements of wire fraud: “1) that the defendant voluntarily and intentionally devised or participated in a scheme to defraud another out of money; 2) that the defendant did so with the intent to defraud; 3) that it was reasonably foreseeable that interstate wire communications would be used; and 4) that interstate wire communications were in fact used.”
- MPCT secretly and retroactively removed earnings from the calculation and disseminated the information over the Internet; MPCT does not provide formula nor substantively responds to calcification requests

Obstruction of Justice Defined

- 18 U.S.C. § 1503 defines "obstruction of justice" as an act that "corruptly or by threats or force, or by any threatening letter or communication, influences, obstructs, or impedes, or endeavors to influence, obstruct, or impede, the due administration of justice."
- Obstruction of justice is defined as the offense of interfering with the administration or process of law in a criminal or civil matter; withholding key information or information; giving false testimony; or harming or intimidating a juror, witness, law enforcement officer or other official.
- The charge may also be brought against a person found to have altered and/or destroyed physical evidence, even if he or she was under no legal obligation to produce the evidence
- MPCT supplied dubious information MDGA; MPCT sent out "bank statements" without ~9 years of information, MPCT does not have contact information on account statements; MPCT has removed previous online account statements; MPCT does respond to calcification requests

Potential Alternatives

- Do nothing...deny students their college dreams; break promises; condone theft as finances are not being shared and amendments are done in secret and made retroactive
- Provide students the funds to which they are entitled via line-of-credit no interest loan in the general budget; provide calculations to all MPCT accounts in contract order. MPCT states the funds are there but refuse to pay them; dictate that 1.6 times of the highest 2021 calculation for each student of college age (18 years old) or contract in good standing from 2009 or earlier may rollover
- All options cost the Maryland taxpayer nothing

Recommendations

- Provide students the funds to which they are entitled via line-of-credit no interest loan in the general budget; MPCCT states the funds are there but refuse to pay them; dictate that 1.6 times of the highest 2021 calculation less monies paid for each student of college age (18 years old) or contract in good standing from 2009 or earlier may rollover
- Provide students a rate of 6% using a LOC no interest loan in the general budget
- Formula will be supplied after passage; 31,000 can be processed when years supplied for each account on one Excel workstation

Recommendations (continued)

- No more than \$140 million dollars will be rolled over
- Money will be awarded in contract order (oldest contracts first)
- Invite SEC to conduct a forensic audit of books

Appendix

Contract's Definition of Newborn

Can I contribute to the Prepaid College Trust and a Coverdell Education Savings Account (formerly known as an Education IRA)?

Federal tax law allows contributions to be made to both the College Savings Plans of Maryland and a Coverdell Education Savings Account for the same Beneficiary in the same tax year.

Please note: For certain contributions, including those from Series EE and Series I U.S. Savings Bonds, Coverdell Education Savings Accounts, and rollovers from other Section 529 plans, we require additional information from you. This information could include the original amount contributed and any associated earnings.

When can I enroll a newborn infant?

Newborn infants can be enrolled anytime during the year from the date of their birth until their first birthday at prices that are in effect when the enrollment is completed. This means that prior to the start date of the 2004-2005 Enrollment Period, the prices in effect for newborns will be the prices of the 2003-2004 Enrollment Period. An enrollment is completed upon receipt of a completed Enrollment Form and the applicable Enrollment Fee.

What are the fees associated with the Prepaid College Trust?

The operating expenses of the Prepaid College Trust are covered by 2.5% of Contract payments. In addition, each new Prepaid College Trust Account is charged a \$75 Enrollment Fee that must accompany your completed Enrollment Form. If you purchase additional years of Tuition for

the same Beneficiary, or open an Account for a Beneficiary for whom you already have a Maryland College Investment Plan account, you pay only a reduced Enrollment Fee of \$20. We must receive your Enrollment Fee before your Account can be opened. A complete Schedule of Administrative Fees can be found on page 7.

Can I accelerate my payments or pay off my account early?

Yes, your payments may be accelerated. This can be done in one of two ways:

- 1) You may always pay more than your monthly or annual payment amount. This may lessen the number of monthly or annual payments you will have to make. This will not reduce the total amount of your payments.
- 2) You may reduce the total amount of your payments by making a single payment of at least 25% of the payoff amount.

An Account may also be paid in full at any time. To request your payoff amount, you may either send an e-mail request to: mpct@collegesavingsmd.org or call our toll-free number, **1 888 4MD GRAD** and select option #2, then option #1, to speak with a representative.

Contract's Article VII item 3 states 100% of earnings will transfer

Unused Benefits Applied Toward Graduate Education at Eligible Institutions.

1. You must notify the Board in writing and at least two months in advance, that the Beneficiary will be attending graduate school.
2. Upon receipt of this notification, the Board will send you a Benefits claim form. The completed form must be returned to the Board with an invoice from the Eligible Institution.
3. Upon receipt of all necessary information and documentation, the Board will pay Benefits directly to the Eligible Institution.

Unused Benefits Applied Toward Qualified Higher Education Expenses at Eligible Institutions.

1. No later than March of each year after a Beneficiary has begun using Benefits and has existing Benefits remaining in an Account, the Board will send you a confirmation form to reconfirm personal information about the Beneficiary.
2. Upon receipt of this form, the Board will send a Benefits claim form no earlier than June of the same year. This form must be returned to the Prepaid College Trust with an invoice from the Eligible Institution. This form will provide directions regarding the use of the Unused Benefits to pay for Qualified Higher Education Expenses.
3. If Unused Benefits are applied toward other Qualified Higher Education Expenses, such as room and board or books, the Board will pay up to the Weighted Average Tuition of the tuition plan purchased toward the Qualified Higher Education Expenses.
4. Upon receipt of all necessary information and documentation, the Board will pay Benefits directly to the Eligible Institution or reimburse the Account Holder, as appropriate.

Article VII – Termination, Transfer and Refund

3. If (a) you fail to make the required payments or supply necessary information, (b) the maximum period in which Benefits can be used has expired, or (c) it is determined that either you or the Beneficiary has made any material misrepresentation related to the Contract, the Board in its sole discretion may terminate the Contract.

Transfers to Other Eligible Programs. Upon notification in writing to the Board, you may transfer the Account to another program intended to comply with Section 529 of the Internal Revenue Code. All transfers are subject to the Internal Revenue Code. If this Contract is less than 3 years old, the transferable amount will equal the contributions to the Prepaid College Trust plus or minus 75% of the Investment Earnings or losses realized on the contributions, less any administrative fees or Benefits used. If this Contract is over 3 years old, the transferable amount will equal the contributions to the Prepaid College Trust plus or minus 100% of the Investment Earnings or losses realized on the contributions less any administrative fees or Benefits used.

Transfers within the College Savings Plans of Maryland. The transferable amount for transfers from the Prepaid College Trust to the Maryland College Investment Plan will equal the contributions to the Prepaid College Trust plus or minus 100% of the Investment Earnings or losses realized on the contributions, at the time the Account is transferred, regardless of how long the Contract has been in effect.

Refund.

Refunds are only given at the written request of the Account Holder, with an original signature, for a specific year(s) under the following circumstances:

1. Death or Disability of the Beneficiary.
 - 1.1 Beneficiary Enrolled at Eligible Institution. The refund will be the amount that would have otherwise been paid directly to the Eligible Institution.
 - 1.2 Beneficiary Not Enrolled at Eligible Institution. If the Beneficiary

Parts of a contract

- The three elements required to create a legal contract are offer, acceptance and consideration, which means the exchange of something of value. In order for a contract to be binding, there must first be an offer. The party who initiates the contract is called the offeror and presents a proposal outlining certain terms.
- 17 years after the contract MPCT changes “amends” the contacts' terms in secret and retroactively

Maryland Law on Contract Consideration

Under Maryland Commercial Law Article, Section 3-303(b), consideration is defined as any consideration sufficient to support a simple contract. Like many states, Maryland courts will not get bogged down in how valuable the consideration was or whether the deal is fair. So unless there is foul play, Maryland courts will not inquire into the adequacy of value exacted for a promise so long as it has some value. *Blumenthal v. Heron*, 261 Md. 234, 274 A.2d 636 (1971). Even \$1 in consideration may be sufficient to form a contract under Maryland law.

Andrew Wozar's Account Paid in Full before First Year

Mail - Mark Wozar - Outlook | maryland prepaid college trust - | Select Your Plan | Transactions - Maryland 529

https://access.mdprepaidcollegetrust.com/YourPlans/TransactionHistory

My Accounts

Account Details

Payment History

Payment History

Select an Account

ANDREW WOZAR: Prepaid - 4004003982 - Paid in Full - Four Year/8 Sem

Andrew Wozar

Phone Number (Landline)

Mailing Address

Account Number 4004003982

Account Status Paid in Full

Product Type Four Year/8 Sem

No Account Holder's Successor Listed

Payment History

Excel Export PDF Export CSV Export

Transaction Date	Transaction Type	Amount Received	Plan Amount
8/26/2005	Payment	\$26,483.85	-\$26,483.85
3/3/2005	Fee Assess	-\$75.00	\$0.00
3/2/2005	Payment	\$4,230.00	-\$4,230.00
10/27/2004	Payment	\$2,575.00	-\$2,500.00

1 10 Items per page 1 of 1 pages (4 items)

Andrew's 2021 Annual Statement with FAFSA value over \$85,000

Mail - Mark Wozar - Outlook x | maryland prepaid college tru x | Select Your Plan x | Show Documents - Maryland x | ShowDocument x | + -

https://access.mdprepaidcollegetrust.com/Documents/ShowDocument?DocumentID=UzNEj3IOcZCNMdnPlz0Raw==

BENEFITS	8.000		
ACCOUNT NUMBER:	BENEFICIARY:	ACCOUNT HOLDER'S SUCCESSOR:	
4004003982	ANDREW WOZAR	NOT ON FILE	
PRODUCT	PRODUCT TYPE:	PAYMENT OPTION:	PROJECTED COLLEGE ENROLLMENT YEAR:
	Four Year/8 Sem	10 Year Annual	2021
FINANCIALS	PURCHASE PRICE:	PAYMENTS RECEIVED:	BALANCE REMAINING:
	\$33,213.85	\$33,213.85	\$0.00
	SCHEDULED PAYMENT AMOUNT:	EARLY PAYOFF DISCOUNT:	TOTAL FEES DUE:
\$4,230.00	\$0.00	\$0.00	
	FAFSA REPORTING VALUE*:	CURRENT TAX YEAR PAYMENTS**:	
	\$86,771.28	\$0.00	
BENEFITS	SEMESTERS AVAILABLE:		
	8.000		

THIS STATEMENT INCLUDES ONLY ACTIVE CONTRACTS WITH BENEFITS REMAINING. BEFORE BENEFITS MAY BE UTILIZED, ALL OUTSTANDING BALANCES MUST BE PAID IN FULL, AND THE ACCOUNT HOLDER'S EMAIL AND THE BENEFICIARY'S SOCIAL SECURITY NUMBER MUST BE ON FILE. IF YOU BELIEVE THIS STATEMENT DOES NOT ACCURATELY REFLECT THE STATUS OF YOUR ACCOUNT, YOU HAVE 60 DAYS FROM THE DATE ABOVE TO NOTIFY US OF THE ERROR. AFTER 60 DAYS, THE INFORMATION WILL BE CONSIDERED CORRECT AND BINDING FOR THE ACCOUNT.

*FAFSA VALUES REPRESENT THE "REFUND VALUE" TO BE USED WHEN REPORTING PREPAID TUITION PLANS AS AN ASSET OF THE PARENT ON THE FREE APPLICATION FOR FEDERAL STUDENT AID (FAFSA). FOR MORE INFORMATION, PLEASE SEE THE FAFSA LINK ON THE PREPAID BENEFITS PAGE WHEN YOU ACCESS YOUR ACCOUNT ONLINE.

** MARYLAND TAXPAYERS CAN DEDUCT UP TO \$2,500.00 PER ACCOUNT FROM THEIR MARYLAND STATE INCOME FOR PAYMENTS THEY MADE IN THAT CALENDAR YEAR. PAYMENTS IN EXCESS OF \$2,500.00 PER ACCOUNT CAN BE DEDUCTED IN FUTURE YEARS UNTIL THE FULL NUMBER OF PAYMENTS HAS BEEN DEDUCTED. CONSULT WITH A TAX PROFESSIONAL REGARDING QUESTIONS RELATING TO YOUR SPECIFIC CIRCUMSTANCES.

Andrew's 2022 Annual Statement

8.000			
ACCOUNT NUMBER: 4004003982		BENEFICIARY: ANDREW WOZAR	ACCOUNT HOLDER'S SUCCESSOR: NOT ON FILE
PRODUCT	PRODUCT TYPE: Four Year/8 Sem	PAYMENT OPTION: 10 Year Annual	PROJECTED COLLEGE ENROLLMENT YEAR: 2021
FINANCIALS	PURCHASE PRICE: \$33,213.85	PAYMENTS RECEIVED: \$33,213.85	BALANCE REMAINING: \$0.00
	SCHEDULED PAYMENT AMOUNT: \$4,230.00	EARLY PAYOFF DISCOUNT: \$0.00	TOTAL FEES DUE: \$0.00
	CURRENT TAX YEAR PAYMENTS**: \$0.00		
BENEFITS	SEMESTERS AVAILABLE: 8.000		

THIS STATEMENT INCLUDES ONLY ACTIVE CONTRACTS WITH BENEFITS REMAINING. BEFORE BENEFITS MAY BE UTILIZED, ALL OUTSTANDING BALANCES MUST BE PAID IN FULL, AND THE ACCOUNT HOLDER'S EMAIL AND THE BENEFICIARY'S SOCIAL SECURITY NUMBER MUST BE ON FILE. IF YOU BELIEVE THIS STATEMENT DOES NOT ACCURATELY REFLECT THE STATUS OF YOUR ACCOUNT, YOU HAVE 60 DAYS FROM THE DATE ABOVE TO NOTIFY US OF THE ERROR. AFTER 60 DAYS, THE INFORMATION WILL BE CONSIDERED CORRECT AND BINDING FOR THE ACCOUNT.

** MARYLAND TAXPAYERS CAN DEDUCT UP TO \$2,500.00 PER ACCOUNT FROM THEIR MARYLAND STATE INCOME FOR PAYMENTS THEY MADE IN THAT CALENDAR YEAR. PAYMENTS IN EXCESS OF \$2,500.00 PER ACCOUNT CAN BE DEDUCTED IN FUTURE YEARS UNTIL THE FULL NUMBER OF PAYMENTS HAS BEEN DEDUCTED. CONSULT WITH A TAX PROFESSIONAL REGARDING QUESTIONS RELATING TO YOUR SPECIFIC CIRCUMSTANCES.

187 Boxes of Unprocessed Business Documentation

Discovery of Unopened and Unprocessed Documents

After the resignation and termination of the CEO and CFO in May 2015, respectively, STO personnel discovered numerous old business documents in the

11

former CFO's office and in the Maryland 529 mailroom, including unopened and undelivered mail. STO personnel advised us that these old business documents were subsequently provided to Maryland 529 personnel for investigation and resolution. Around the same time, Maryland 529 personnel also found 187 boxes of old business documents, some dating back 10 years or more, stored in the Maryland 529 records room for which required action had never been taken. We were advised that Maryland 529 personnel conducted an investigation of all of these found documents, which lasted approximately three to four months. The aforementioned participation of STO personnel in the discovery of old business documents, as well as the provision of certain STO personnel during the period of management turnover occurred because of the State Treasurer's position on the Maryland 529 Board.

STO and Maryland 529 management personnel presented information to the Maryland 529 Board in May and August of 2015, respectively, as to documents that STO and Maryland 529 personnel had discovered in the aforementioned Maryland 529 locations. The following is a partial list describing documents found either by STO or Maryland 529:

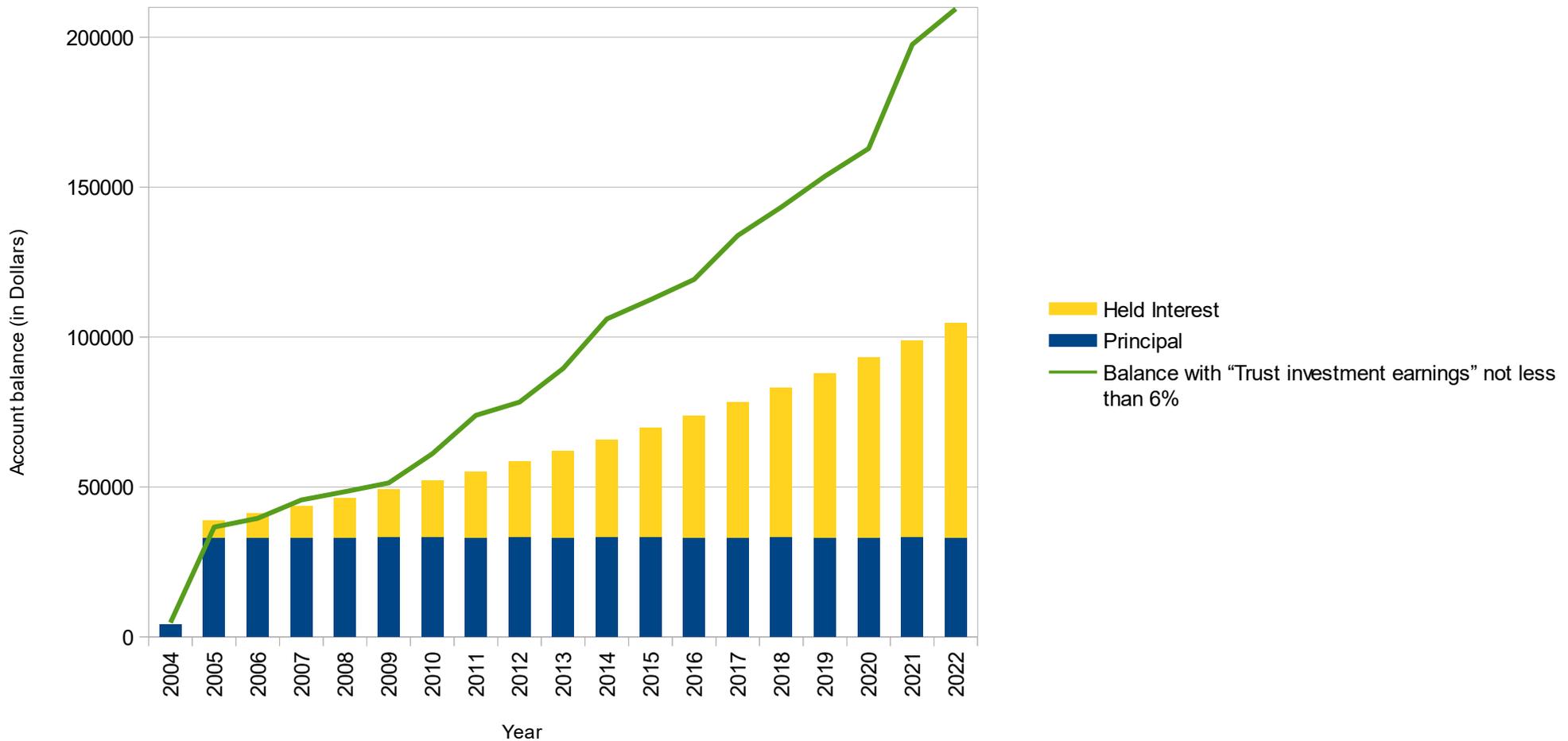
that STO and Maryland 529 personnel had discovered in the aforementioned Maryland 529 locations. The following is a partial list describing documents found either by STO or Maryland 529:

- Documentation of disbursement transactions, totaling approximately \$4.3 million, that had never been recorded in or had been improperly recorded in Maryland 529's records
- Unopened and undelivered mail dating back at least 10 years
- Undeposited checks totaling \$14,000 dating back to October 2007
- Disbursement checks for individual amounts up to \$28,000 prepared but never sent to account holders dating back to August 2008
- Unprocessed refund requests dating back to April 2014
- Unpaid invoices and delinquency notices from collection agencies
- Unresolved correspondence and other transactions, such as change in beneficiary forms
- Incomplete reconciliations of critical records, such as reconciliations of Maryland 529 records to the corresponding bank records
- Documentation of overpayments to account holders totaling approximately \$200,000

Discovery of Unknown Bank Account

The review of these discovered documents also uncovered the existence of a bank account, which we were advised was previously unknown to Maryland 529 personnel and the Board. The account, which reflected a balance of approximately \$15 million as of June 2015, was determined to be used for the deposit of certain administrative fees received from the private investment company responsible for managing the Maryland College Investment Plan

Additional Interest Valuations



Assuming that 6% is the hard deck and variable continue as previous Andrew's initial investment and earnings exceed \$200,000

MPCT_letter_for_testimony.pdf

Uploaded by: Mark Wozar

Position: FWA

Committee Members,

Within days of Andrew (Attachments 1 and 2), my son's, birth, 18 years ago, I made my initial multiple thousand dollar deposit, into his MD Prepaid College Trust (MPCT) account and then paid the account in full (Attachment 4) before his first birthday (Attachment 3). According to 2021 yearly statements, the interest amount has grown to over \$53,500 per FAFSA reporting value in the 2021 MPCT Annual statement (Attachment 5) but interest was omitted in the 2022 Annual Statement (Attachment 6).

Using the 6% interest rate compounded monthly that has been stated for years by various MPCT leaders shown in Attachments 7 and 8, the interest in Andrew's account should now be close to, if not exceed \$60,000, (attachments 9, 10 and 11). It should be noted that if 6% is compounded annually, the dollar amount reported in the 2021 FAFSA is less than \$3 from the calculated rates below.

Reading the scandalous, horrifying, and troublesome reports (Attachments 12 and 13), and being ignored by MPCT leadership during board meetings, I contacted the MPCT by email (Attachment 14) and by telephone. When I spoke with the team in Florida, I was referred back to Maryland as they, the Florida team, have no account balances, only principal contributions. When I spoke with the Maryland office they say they are working on the issue - for about a year! I know of no one who has an account-calculation.

Please unfreeze Andrew's and the thousands of MPCT's account holder's money; they need it for applicable college expenses: room, board, fees, etc. I, like many others, entered into the contract for the legislative guarantee, please make a decisive action that will correct this issue that has been festering for a decade.

My suggestions for the committee are to make bold and courageous actions:

- Loan 25% of the fund's reported value, \$40 Million dollars, via non-interest bearing line item in the budget; the money will (re)pay for expenses until the forensic audit concludes,
- Pay all account holders of 2022 contracts and earlier a one-time benefit of 25% of their interest to date so that they may pay back their interest charges for credit cards and lines of credit, (this will be seen as a sign of good faith as many of us need to this to make us whole)
- Ask MPCT to present to the legislative body an annual update,
- Hold the person who stole money criminally accountable, if this person did what is alleged in the articles in a for-profit company, the SEC would have him/her in jail
- Figure-out the interest ALL charges by April 3, 2023, (use state accountants, if need be; my son's account has three deposits within a year; it's not that hard but I am waiting years)
- Stop paying \$50,000 a month for a PR firm as this is expense is unnecessary and the funds would be better served to get account holders their interest, and, most importantly
- Be more transparent; fill the open public board member, I will take it, if no one wants it!

Please contact me if I may of further assistance or if you have questions.

A handwritten signature in cursive script that reads "Mark Wozar". The ink is light grey or blue.

Mark Wozar
312-692-9335
mwozar@hotmail.com
Jan 24, 2023

Attachment 1 – Andrew Wozar the person

My son Andrew has *earned* over 4.5 last quarter and maintains cumulative GPA over 4.4 at Hartford Tech High School. He is ranked number 1 in his class. (Attachment 2)

He was elected captain of his soccer team, that went to the state finals in 2021. He has led their lacrosse team in points for the past 2 years. He also has participated in sports for life (working with students at what was previous called John Archer school) for years. Before CoVID, he was active in his faith community while holding down jobs.

He wants to be the 4th generation US military officer to help others by serving in the medical corps as his grandfather earned multiple purple hearts in Vietnam, his great grandfathers one served in the US Navy (onboard the USS Arizona on December 7th, 1941) and another being a glider/airborne ranger (as well as being a native American, a member of the Cherokee's Turtle Clan of the Northern Maryland), but with his funds which are frozen, he cannot attend college in the planned manner. (He has been accepted to the military college his family has attended but he cannot attend as \$60,000 in interest is not being released by MPCT and no time table has been provided for its release.)

Attachment 2 – Andrew Wozar's transcript

File | C:/Andrew/College/AndrewWozarTranscript.pdf

IPR				Report Card				Transcript			
Building: Harford Technical High School				Building: Harford Technical High School				Building: Harford Technical High School			
Course	Description	Final	Credit	Course	Description	Final	Credit	Course	Description	Final	Credit
AR0201 - 1	Fine Art Prep	A	1.0000	CT0201 - 3	Intro Manufact	A	1.0000	EN2021 - 1	English II	A	1.0000
TE0501 - 4	Found Tech	A	1.0000	EN0201 - 1	English II	A	1.0000	MA09W81 - 1	Hnr Trig	A	1.0000
FL0701 - 5	Spanish I	A	1.0000	MA09W81 - 1	Hnr Trig	A	1.0000	MU1801 - 1	Am Mu Thr Film	A	1.0000
SS01W81 - 1	Hnr Amer Gov	A	1.0000	MU1801 - 1	Am Mu Thr Film	A	1.0000	PE0205 - 9	Phys Ed 10 12	A	0.5000
HE0105 - 6	Health	A	0.5000	PE0205 - 9	Phys Ed 10 12	A	0.5000	PE0206 - 9	Phys Ed 10 12	A	0.5000
MA07W81 - 1	Hnr Alg II	A	1.0000	PE0206 - 9	Phys Ed 10 12	A	0.5000	SC04W81 - 4	Hnr Chemistry	A	1.0000
EN01W81 - 3	Hnr English I	A	1.0000	SC04W81 - 4	Hnr Chemistry	A	1.0000	SS0371 - 2	AP World Hist	A	1.0000
SC0201 - 4	Biology	A	1.0000	SS0371 - 2	AP World Hist	A	1.0000	FL0801 - 6	Spanish II	A	1.0000
PE0106 - 6	Fnd Fit Phy Act	A	0.5000	FL0801 - 6	Spanish II	A	1.0000				
GPA: 4.3750 Total Credit: 8.0000				GPA: 4.3750 Total Credit: 8.0000				GPA: 4.3750 Total Credit: 8.0000			
Year: 2022				Year: 2023				Year: 2023			
Grade: 11				Grade: 11				Grade: 12			
Building: Harford Technical High School				Building: Harford Technical High School				Building: Harford Technical High School			
Course	Description	Final	Credit	Course	Description	Final	Credit	Course	Description	Final	Credit
PE0605 - 1	Weight Train I	A	0.5000	EN2901 - 1	English IV 21st		0.0000	CT26W09 - 1	Cam Hp Mfg II		0.0000
PE0606 - 1	Weight Train I	A	0.5000	CT26W09 - 1	Cam Hp Mfg II		0.0000	MA1671 - 1	AP Statistics		0.0000
CT2509 - 1	Cam Hp Mfg I	A	2.0000	MA1671 - 1	AP Statistics		0.0000				
MA10W81 - 2	Hnr Precal	A	1.0000								
SS0671 - 1	AP US History	A	1.0000								
SC06W81 - 2	Hnr Physics	A	1.0000								
SC21W01 - 2	Forensic Sci	A	1.0000								
EN0301 - 6	English III	A	1.0000								
GPA: 4.5000 Total Credit: 8.0000				Total Credit: 0.0000							
GPA Type		GPA	Rank								
Cumulative GPA/Rank (weighted)		4.4167	27 / 220								
Cumulative GPA/Rank (unweighted)		4.0000	1 / 220								
Mid Year / 7th Semester		4.3750	28 / 221								

Attachment 3 – Itemized payments for Andrew Wozar's account-calculation per MPCT website

https://access.mdprepaidcollegetrust.com/YourPlans/TransactionHistory

Andrew Wozar

Phone Number
(312) 692-9335 (Landline)

Mailing Address
2260 Grand Ave
1290
Baldwin, NY 11510

Account Number
4004003982

Account Status
Paid in Full

Product Type
Four Year/8 Sem

No Account Holder's Successor Listed

Payment History

Excel Export PDF Export CSV Export

Transaction Date	Transaction Type	Amount Received	Plan Amount
8/26/2005	Payment	\$26,483.85	-\$26,483.85
3/3/2005	Fee Assess	-\$75.00	\$0.00
3/2/2005	Payment	\$4,230.00	-\$4,230.00
10/27/2004	Payment	\$2,575.00	-\$2,500.00

« < 1 > »

10 ▼ Items per page

1 of 1 pages (4 items)

Attachment 4 – Payments for Andrew Wozar's account reflecting payment in full since August 2005 per MPCT website

https://access.mdprepaidcollegetrust.com/YourPlans/PlanDetails

Account Number: 4004003982
 Account Status: Paid in Full
 Product Type: Four Year/8 Sem

Phone Number: (312) 692-9335 (Landline)
 Mailing Address: 2260 Grand Ave, 1290, Baldwin, NY 11510

Contract Information

Total Sum of Payments: \$33,213.85
 Payments Received: \$33,213.85
 Balance Due: \$0.00
 Projected Enrollment Year: 2021

Payment Schedule

Payment Schedule: 10 Year Annual
 Payment Amount: \$4,230.00
 Next Payment Due Date: None
 Last Payment Date: 8/30/2005

Next Payment

Make a payment

Attachment 5 – Andrew Wozar's account reflected a FAFSA reporting value of \$86,771 as of 2021

ACCOUNT NUMBER: 4004003982		BENEFICIARY: ANDREW WOZAR		ACCOUNT HOLDER'S SUCCESSOR: NOT ON FILE	
PRODUCT	PRODUCT TYPE: Four Year/8 Sem	PAYMENT OPTION: 10 Year Annual	PROJECTED COLLEGE ENROLLMENT YEAR: 2021		
FINANCIALS	PURCHASE PRICE: \$33,213.85	PAYMENTS RECEIVED: \$33,213.85	BALANCE REMAINING: \$0.00		
	SCHEDULED PAYMENT AMOUNT: \$4,230.00	EARLY PAYOFF DISCOUNT: \$0.00	TOTAL FEES DUE: \$0.00		
	FAFSA REPORTING VALUE*: \$86,771.28	CURRENT TAX YEAR PAYMENTS**: \$0.00			
BENEFITS	SEMESTERS AVAILABLE: 8.000				

Attachment 6 – Andrew Wozar's account reflected NO FAFSA value in 2022

ACCOUNT NUMBER: 4004003982		BENEFICIARY: ANDREW WOZAR		ACCOUNT HOLDER'S SUCCESSOR: NOT ON FILE	
PRODUCT	PRODUCT TYPE: Four Year/8 Sem	PAYMENT OPTION: 10 Year Annual	PROJECTED COLLEGE ENROLLMENT YEAR: 2021		
FINANCIALS	PURCHASE PRICE: \$33,213.85	PAYMENTS RECEIVED: \$33,213.85	BALANCE REMAINING: \$0.00		
	SCHEDULED PAYMENT AMOUNT: \$4,230.00	EARLY PAYOFF DISCOUNT: \$0.00	TOTAL FEES DUE: \$0.00		
	CURRENT TAX YEAR PAYMENTS**: \$0.00				
BENEFITS	SEMESTERS AVAILABLE: 8.000				

Attachment 7 – Per Treasurer Nancy K. Kopp's 13 October 2021 statement as shown in pages 10 of 2021 Annual report and section 23 of the Prepaid College Trust Disclosure statement (below), rate of return is 6.0% since inception

Accounts in existence on October 31, 2021:

- For Accounts in existence on October 31, 2021, contributions in your Account prior to November 1, 2021 will earn 6% on balances, compounded monthly, until benefits are withdrawn, or your Contract is terminated.
- Contributions made on or after November 1, 2021 will accrue regular interest each year, compounded monthly, at a rate equal to the 10-year Treasury note rate. The Treasury note yield applicable to the Account contributions will be updated annually with the June 30th number.

Attachment 8 – Per Maryland Prepaid College Trust: Public Update as of January 6, 2023, the rate of return is a fixed 6% compounded monthly

Public Update

The MPCT Tuition Plan Minimum Benefit (2021 Changes)

- In light of a calculated surplus in the MPCT Program, the Board of Directors voted in 2021 to implement a 6% Earnings rate on all balances in accounts **as of October 31, 2021**. Earnings compound every month.
- Any contributions made **on or after November 1, 2021** accrue earnings at the 10-year Treasury Note rate. Earnings compound every month.
- If an Account is opened **on or after November 1, 2021**, only the 10-year Treasury Note Earnings rate applies to the balances.

Accounts in existence on October 31, 2021:

For Accounts in existence on October 31, 2021, contributions in your Account prior to October 31, 2021 will earn 6% on balances, compounded monthly, until Benefits are withdrawn, or your Contract is terminated.

Contributions made on or after November 1, 2021 will accrue regular interest each year, compounded monthly, at a rate equal to the 10-year Treasury note rate. The Treasury note yield applicable to the Account contributions will be updated annually with the June 30th number.

The yield for the 10-year Treasury note will be sourced from the Board of Governors of the Federal Reserve System (US), 10-Year Treasury Constant Maturity Rate [DGS10], as retrieved from FRED, Federal Reserve Bank of St. Louis (fred.stlouisfed.org/series/DGS10).

Accounts opened on or after November 1, 2021:

Contributions to Accounts opened on or after November 1, 2021 will accrue regular interest each year, compounded monthly, at a rate equal to the 10-year Treasury note rate. Treasury note yield applicable to the Account contributions

Attachment 9 – Per Calculator.net Andrew Wozar's account should have a balance in excess of \$94,600 dollars when compounded monthly for FY 2022 and \$89,108 when compounded monthly for FY 2021

Annual Schedule

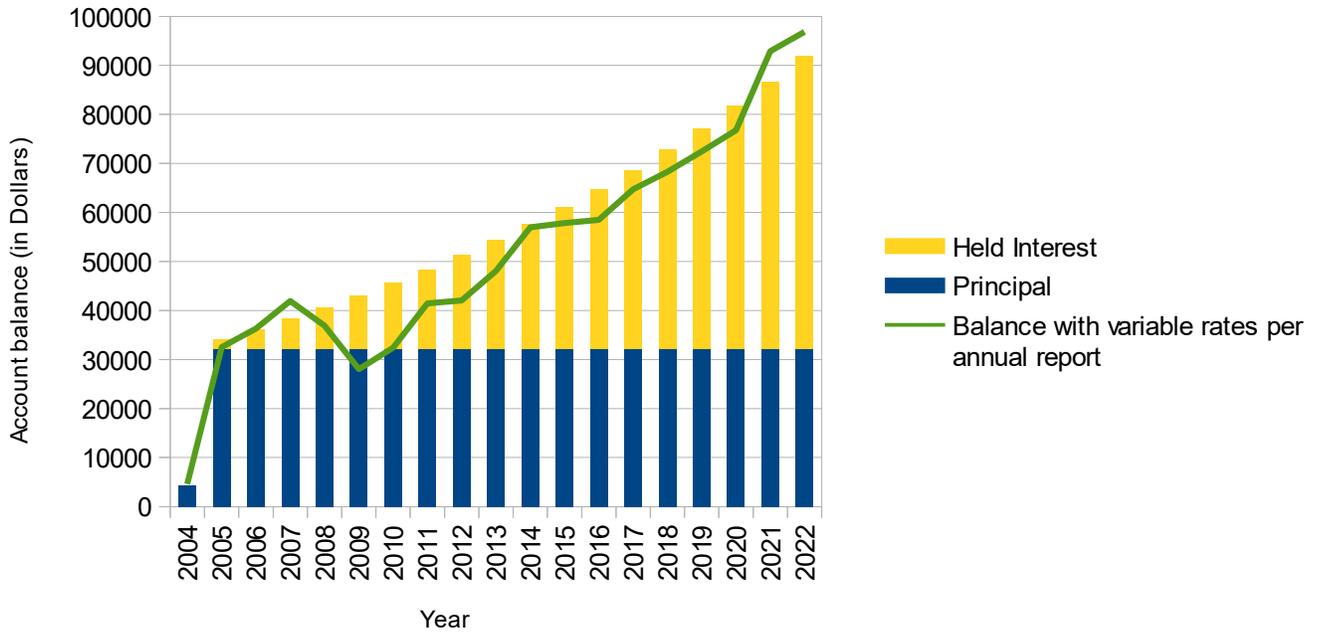
	Annual Schedule	Monthly Schedule				
	start principal	start balance	interest	tax	end balance	end principal
1	\$32,213.85	\$32,213.85	\$1,986.87	\$0.00	\$34,200.73	\$32,213.85
2	\$32,213.85	\$34,200.73	\$2,109.42	\$0.00	\$36,310.16	\$32,213.85
3	\$32,213.85	\$36,310.16	\$2,239.55	\$0.00	\$38,549.69	\$32,213.85
4	\$32,213.85	\$38,549.69	\$2,377.66	\$0.00	\$40,927.35	\$32,213.85
5	\$32,213.85	\$40,927.35	\$2,524.31	\$0.00	\$43,451.66	\$32,213.85
6	\$32,213.85	\$43,451.66	\$2,680.00	\$0.00	\$46,131.66	\$32,213.85
7	\$32,213.85	\$46,131.66	\$2,845.31	\$0.00	\$48,976.96	\$32,213.85
8	\$32,213.85	\$48,976.96	\$3,020.80	\$0.00	\$51,997.75	\$32,213.85
9	\$32,213.85	\$51,997.75	\$3,207.11	\$0.00	\$55,204.86	\$32,213.85
10	\$32,213.85	\$55,204.86	\$3,404.91	\$0.00	\$58,609.77	\$32,213.85
11	\$32,213.85	\$58,609.77	\$3,614.93	\$0.00	\$62,224.70	\$32,213.85
12	\$32,213.85	\$62,224.70	\$3,837.87	\$0.00	\$66,062.58	\$32,213.85
13	\$32,213.85	\$66,062.58	\$4,074.59	\$0.00	\$70,137.17	\$32,213.85
14	\$32,213.85	\$70,137.17	\$4,325.91	\$0.00	\$74,463.08	\$32,213.85
15	\$32,213.85	\$74,463.08	\$4,592.74	\$0.00	\$79,055.80	\$32,213.85
16	\$32,213.85	\$79,055.80	\$4,875.99	\$0.00	\$83,931.79	\$32,213.85
17	\$32,213.85	\$83,931.79	\$5,176.76	\$0.00	\$89,108.52	\$32,213.85
18	\$32,213.85	\$89,108.52	\$5,496.02	\$0.00	\$94,604.54	\$32,213.85

Attachment 10 – Per Calculator.net Andrew Wozar's account should have a balance in excess of \$91,949 dollars when compounded annually for FY 2022 and \$86,744 when compounded annually for FY 2021

Annual Schedule

	Annual Schedule	Monthly Schedule				
	start principal	start balance	interest	tax	end balance	end principal
1	\$32,213.85	\$32,213.85	\$1,932.83	\$0.00	\$34,146.68	\$32,213.85
2	\$32,213.85	\$34,146.68	\$2,048.80	\$0.00	\$36,195.48	\$32,213.85
3	\$32,213.85	\$36,195.48	\$2,171.71	\$0.00	\$38,367.21	\$32,213.85
4	\$32,213.85	\$38,367.21	\$2,302.03	\$0.00	\$40,669.24	\$32,213.85
5	\$32,213.85	\$40,669.24	\$2,440.13	\$0.00	\$43,109.40	\$32,213.85
6	\$32,213.85	\$43,109.40	\$2,586.56	\$0.00	\$45,695.96	\$32,213.85
7	\$32,213.85	\$45,695.96	\$2,741.75	\$0.00	\$48,437.72	\$32,213.85
8	\$32,213.85	\$48,437.72	\$2,906.25	\$0.00	\$51,343.98	\$32,213.85
9	\$32,213.85	\$51,343.98	\$3,080.64	\$0.00	\$54,424.62	\$32,213.85
10	\$32,213.85	\$54,424.62	\$3,265.48	\$0.00	\$57,690.10	\$32,213.85
11	\$32,213.85	\$57,690.10	\$3,461.41	\$0.00	\$61,151.51	\$32,213.85
12	\$32,213.85	\$61,151.51	\$3,669.10	\$0.00	\$64,820.60	\$32,213.85
13	\$32,213.85	\$64,820.60	\$3,889.26	\$0.00	\$68,709.83	\$32,213.85
14	\$32,213.85	\$68,709.83	\$4,122.61	\$0.00	\$72,832.42	\$32,213.85
15	\$32,213.85	\$72,832.42	\$4,369.96	\$0.00	\$77,202.37	\$32,213.85
16	\$32,213.85	\$77,202.37	\$4,632.14	\$0.00	\$81,834.51	\$32,213.85
17	\$32,213.85	\$81,834.51	\$4,910.07	\$0.00	\$86,744.58	\$32,213.85
18	\$32,213.85	\$86,744.58	\$5,204.67	\$0.00	\$91,949.25	\$32,213.85

Attachment 11 – Stacked bar chart (principal and interest being held) comparing rate of return reported in annual report



Attachment 12 –

Maryland 529 agency says it has addressed majority of accounts with problems in the Maryland Prepaid College Trust

By Lia Russell

Baltimore Sun

•

Jan 06, 2023 at 5:59 pm

Maryland parents said this week that they hadn't received answers as to when they'd be able to access state accounts that contain their children's college education funds, even as tuition payments were coming due for the spring semester.

But Maryland 529, the state agency that oversees the system said Friday evening that it had resolved errors associated with the calculation formula for the Maryland Prepaid College Trust.

In a statement, Maryland 529 Executive Director Anthony Savia said 419 out of the 480 accounts that reported having issues accessing their interest payments had been reviewed and addressed.

Account holders with the trust have reported being unable to access their money since April due to what the agency described as an internal calculation issue. Anxious parents said they dipped into personal savings or took out loans to cover their children's school expenses.

Maryland offers two funding plans, a prepaid college trust and a college investment plan, through Maryland 529. The agency is named for the section of the federal tax code that allows parents to save money and withdraw it tax-free at a later date to pay for their child's education.

The trust allows parents to lock in tuition prices from the time they open an account; the state pays any increase in tuition charges. The trust is backed by a state legislative guarantee, so the state is obligated to pay the benefits offered. The trust is managed by a Florida-based company, Intuition College Savings Solutions.

The college investment plan, which is run through Baltimore investment firm T. Rowe Price Group and operates similarly to a 401(k) plan, is not affected by the interest calculation problems.

Maryland 529 said earlier this year that it would prioritize addressing complaints from parents whose children are in college and rectify the situation by fall 2022, but it missed every self-imposed deadline, affected account holders have said.

After The Baltimore Sun requested updates repeatedly this week, Maryland 529 responded late Friday with its statement.

"It has taken time to resolve this issue because it was important to ensure that the trust accounts were carefully prioritized," Savia said in the statement.

"Quality control measures were put in place to correct the calculation for all [Maryland Prepaid

Mark Wozar's testimony to Maryland Committee members of Budget and Tax

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College Trust] Tuition plan account holders and ensure accurate reporting going forward ... I can say with confidence that the calculation formula has been corrected in accordance with the Tuition Plan Disclosure Statement.”

Savia said outside consultants were “moving through the remaining individual account manual reviews as quickly as possible to correct all remaining Tuition Plan accounts.”

A company that recently acquired Intitution called Catalis had issued a statement earlier in the week, saying it was confident the issue would be resolved soon.

Maryland 529 began seeking a crisis communications firm Dec. 29, according to an invitation for bids that The Baltimore Sun obtained.

The bidding, which closed Thursday, asked for a firm to provide a “strategic crisis communication strategy,” “control messaging,” “help agency spokespeople when responding to questions” from the public and reporters, develop ways to manage and respond to “negative or inaccurate [social media] posts and comments,” and help repair Maryland 529’s reputation and “rebuild public trust,” according to the invitation. The contract has a maximum value of \$50,000. It would begin Monday and run through June 30, with an option to extend.

“We’re only nine months into this and now they’re hiring a crisis firm?” said Brian Savoie, an account holder who hasn’t been able to draw money since August from his prepaid college trust account for his son.

Another parent, Ray Mahar of Howard County, said a Maryland 529 employee told him Thursday that his interest payments would resume by the end of the month. He was skeptical, through, because the agency had missed previous deadlines.

He’s been asking where \$18,000 in interest and earnings went since he attempted to draw \$8,000 from one of his daughter’s two college fund accounts to pay for her room and board and was told he had only \$6,200 left.

“This really needs to get more attention from people in Annapolis as to how this is affecting thousands of kids’ future college attendance,” Mahar said in a text message.

To that end, two lawmakers have promised to hold hearings to get answers. The House Appropriations Committee is scheduled to hold a briefing Jan. 19 on the Maryland 529 calculations errors, according to its chairman, Democratic Del. Ben Barnes, who represents parts of Anne Arundel and Prince George’s counties.

Savia said Maryland 529 “looked forward to explaining and working through this issue with the General Assembly.”

Democratic Sen. Guy Guzzone of Howard County told The Washington Post that the Budget and Taxation Committee he chairs also would hold a hearing early in the General Assembly session, which begins Wednesday. Guzzone was unavailable for comment, according to Deanna Peel, his chief of staff.

Mark Wozar's testimony to Maryland Committee members of Budget and Tax
15 of 22

Attachment 13 –

Maryland lawmakers plan hearings on troubled state college savings plan

By Danielle Douglas-Gabriel

January 4, 2023 at 1:58 p.m. EST

The Maryland House of Delegates, above, and Senate will hold hearings this upcoming session on the troubled state college savings plan. (Michael Robinson Chavez/The Washington Post)

Maryland lawmakers will soon hold hearings on account-calculation problems in the Maryland Prepaid College Trust that has left hundreds of families unable to access all the money in their accounts since the summer.

Meanwhile, state auditors plan to delve into the freeze as well as whether Maryland 529, the agency charged with managing the state's college savings plans, has addressed management problems identified in 2019 as part of a planned review.

The calculation error has left many parents scrambling to pay tuition this academic year, and families say Maryland 529 has not acted quickly enough to resolve the issues. The agency suspended interest earnings in August because of a calculation error and has missed self-imposed deadlines to sort out the problem.

‘A broken promise’: Maryland college savings plan blocks parents from withdrawing money

Families have voiced their frustrations to state lawmakers who are taking heed.

On Tuesday, House Appropriations Committee Chair Ben Barnes (D-Prince George's) told The Washington Post that he will hold a hearing on Jan. 19. Senate Budget and Taxation Committee Chair Guy J. Guzzone (D-Howard) said he is nailing down a date but expects a hearing in the first couple of weeks after the General Assembly convenes Jan. 11.

“It's unacceptable,” Guzzone said. “It's got to be resolved, the quicker the better. We're going to keep pushing them to do that.”

Guzzone said he spoke with Anthony Savia, executive director of the Maryland Prepaid College Trust and the College Investment Plan, a few weeks ago about the calculation glitch and felt confident that Savia is doing everything to resolve the matter. Guzzone said Savia explained that it took several hours to recalculate each account, a process that makes a quick resolution challenging.

On Wednesday, Michelle Winner, a spokeswoman for Maryland 529, said the agency “recognizes the frustration this issue has caused the account holders who have been impacted.” The agency has prioritized approximately 430 families who needed their distributions immediately and has reconciled the accounts of about 100 of them to date, she said.

“Maryland 529 and outside consultants continue to work diligently and in good faith to resolve this issue,” Winner said. “Quality control and the accuracy of the account holders’ calculations and subsequent manual review reports are our top priority.”

Winner said the error stemmed from a technical problem in applying a new accrual rate for some accounts. In November 2021, the board voted to raise the rate to 6 percent on balances held before Oct. 31, 2021. When the agency and a new fund manager, Intuition College Savings Solution, implemented the change electronically, some accounts that were ineligible for the increase were shown as receiving it.

When the error was discovered, Maryland 529 suspended interest payments until they could be corrected. Winner said third-party accountants are verifying the calculations and the computer coding of information technology software.

“It is not a glitch per se but is an issue with properly setting up the different earnings calculations to apply properly to different balances and different contributions,” she said.

While many parents have been able to access the principal in their accounts, others say their money has been completely frozen. All are clamoring for answers.

The General Assembly hearings will start as Maryland’s Office of Legislative Audits begins work on a routine fiscal review of the prepaid plan, according to Brian Tanen, director of compliance and performance at the state entity. He said the audit occurs every three to four years.

In 2019, auditors produced a damning report revealing years of lax oversight and poor record-keeping at Maryland 529. The audit, which covered 2014 to 2018, spanned a period of tremendous upheaval for the agency.

After the respective resignation and firing of the agency’s chief executive and chief financial officer in May 2015, the Maryland State Treasurer’s Office discovered unopened and undelivered mail in the former CFO’s office. Around the same time, personnel at Maryland 529 found 187 boxes of documents, some dating back a decade, that included unpaid invoices, undeposited checks and unprocessed refund requests.

In reviewing the documents, Maryland 529 staff also found \$4.3 million in account holder disbursements that had not been properly recorded and the existence of a previously unknown bank account used for the deposit of administrative fees. The documents also showed irregularities in the personal accounts of a former Maryland 529 employee, which were sent to the attorney general’s office for investigation.

In the 2019 report, auditors criticized Maryland 529 for not retaining a detailed accounting of the files, records of its investigation or the steps taken to resolve the matter.

The audit also took issue with how the agency calculated interest when prepaid account holders requested a refund or rollover of funds into another account, concluding that the method used resulted in excessive payments. Auditors were also concerned that refunds, tuition payments and adjustments to financial account data in the trust were not subject to a documented independent review.

After the audit, Maryland 529's board said it would seek a forensic audit and evaluate its methodology for calculating refund and rollover payments by January 2021. Winner said the forensic audit that resulted did not show any calculation errors.

Maryland offers two types of 529 college savings accounts: a standard investment plan and a prepaid college tuition trust. The investment plan is like a 401(k) account. Its value fluctuates with the price of the equities it holds, and families assume the risk. These accounts were not affected.

Prepaid plans, by contrast, let families lock in future tuition payments at today's prices. Here, the state bears the risk because it will have to absorb the cost of tuition inflation. It charges families a fee to carry that risk, and officials invest in stocks, bonds and other vehicles, using the returns to pay for tuition. Most prepaid plans only cover in-state tuition, but Maryland also lets families put their investment toward tuition at a private or out-of-state college.

Attachment 14 – Email Thread

From: Mark Wozar

Sent: Tuesday, January 10, 2023 8:04 PM

To: weydenkw@gmail.com <weydenkw@gmail.com>

Cc: mpctquestions <mpctquestions@mdprepaidcollegetrust.com>; kathy.szeliga@house.state.md.us <kathy.szeliga@house.state.md.us>; Jennings, J.B. Senator <JB.Jennings@senate.state.md.us>

Subject: Re: Maryland Prepaid College Trust

Michelle,

Thank you for your email; I am concerned that it contains no timeline for the solution. I am more concerned that the board is not allowing the public to voice their concerns -- either directly to the board nor through the legislature as they go to secret session and don't allow us to speak.

My concerns to your statements are in red below; they process does not offer solutions. I suggest that you and your team go to Maryland Legislature and ask for the money to make this whole. Ask the legislature for a "loan" to right the ship. I, like many others, have paid years in advance with the legislative guarantee of 6%; I, like my parents, did my part of the bargain now you, MDPCT should do yours. As they money is there, what do you have to lose? Open the floor for debate. No bill is written; no sponsor has been assigned. No bill number has been assigned. The time is NOW for action!

I hope the following information is helpful in explaining the Request for Account Support process:

- At this time, and in an abundance of caution, Prepaid College Trust Tuition Plan accounts are being individually reviewed by outside certified public accountants based on a priority system to help confirm accuracy of calculations.

[MW: I wanted validation on what was previously sent. My sons accounts were paid in full since 2005 -- 18 years ago. No outside agency has to certify that is in your records and in the spreadsheet. The accounts are simple interest at a fixed 6% as they were paid in full prior to Oct 31, 2021.]

- The completion of the Request for Account Support Form puts the Prepaid College Trust Tuition Plan Account Holder in the queue for a manual or other review based on the assigned priority level - if you submitted your form, you are now in the queue.

[MW: Thank you for confirming that I am in the queue; what is the ETC for the queue? I do not know of anyone one who has been given this information. My sons' accounts are easy to figure as they have been paid in full for 18 years and have no withdrawals. I AM CONCERNED BECAUSE FLA SEES NO INTEREST! IF THE ACCOUNTS ARE over 160% FUNDED, why does it take about a year to reconcile and distribute?]

- Upon completion of the manual review process (if applicable), the priority Account Holder will receive a MPCT Tuition Plan Manual Review Report and an explanation of next steps – including the actions the Account Holder may take on their MPCT Tuition Plan account.

[MW: When will this be done? Will this be done before the Maryland legislature adjourns? Shouldn't they know about the state of the MDCPT before they go for the year as they would have to vote on funding and making people whole who are placing their kids college on credit cards as their interest is not being released or kids have to go to other schools as the interest is not released?]

Mark

From: Michelle Winner -MD529- <michelle.winner1@maryland.gov>

Sent: Tuesday, January 10, 2023 5:31 PM

To: Mark Wozar <mwozar@hotmail.com>

Cc: mpctquestions <mpctquestions@mdprepaidcollegetrust.com>; kathy.szeliga@house.state.md.us <kathy.szeliga@house.state.md.us>; Jennings, J.B. Senator <JB.Jennings@senate.state.md.us>

Subject: Re: Maryland Prepaid College Trust

Dear Mr. Wozar,

I apologize for the frustration you are experiencing, but as I am not a member of the customer support or account services teams and have no access to account holder information, I am personally unable to provide assistance regarding your account. However, as you have stated that you completed and submitted the Request for Account Support form, a member of the Maryland 529 account services team will contact you.

I hope the following information is helpful in explaining the Request for Account Support process:

- At this time, and in an abundance of caution, Prepaid College Trust Tuition Plan accounts are being individually reviewed by outside certified public accountants based on a priority system to help confirm accuracy of calculations.
- The completion of the Request for Account Support Form puts the Prepaid College Trust Tuition Plan Account Holder in the queue for a manual or other review based on the assigned priority level - if you submitted your form, you are now in the queue.
- Upon completion of the manual review process (if applicable), the priority Account Holder will receive a MPCT Tuition Plan Manual Review Report and

an explanation of next steps – including the actions the Account Holder may take on their MPCT Tuition Plan account.

The most recent updates on this issue can also be found on our website at <https://maryland529.com/Account-Holders/Maryland-Prepaid-College-Trust/MPCT-FAQs/Interest-Calculation-FAQs>

If you have additional questions regarding your request for account support form, please direct them to: mpctassistance.md529@maryland.gov.

Sincerely,

Michelle Winner
Director of Marketing

Maryland 529
217 E. Redwood Street
Suite 1350
Baltimore, MD 21202
Office: 443.769.1024
michelle.winner1@maryland.gov

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MBarillas verbal testimony 2-22-23.pdf

Uploaded by: Martha Barillas

Position: FWA

My name is Martha Barillas. I am an account holder. Thank you for the opportunity to speak today. I am here to express URGENCY in taking corrective action now, not in 2024, or later. I wish I could have pulled my kid from his college classes today to have him stand here in front of you and hear his disappointment as we explain to him that his college fund isn't going to pay out what we expected and we don't have the full money available for the upcoming school year. Frustration, disappointment, anger, disbelief, anxiety, and heartbroken are a few emotions I can describe thanks to MD529. How can you be taking away parents' dreams for their kids? All the families here in person, on zoom, those that can't attend b/c of jobs, or those that aren't even aware yet of what's going on, are being impacted negatively. Every member in this Plan has worked hard b/c of the dreams they have for their child's future and their education. Why is it permissible to breach the contract and leave our kids in limbo? MD529 is not addressing the root of the problem. This is a CHANGE in policy. A breach of contract. MD529 can try to fail our kids. We hope the state of MD won't. We count on you to help us and our kids. We need our MD General Assembly to direct the MD529 to HONOR the contracts we all signed and agreed to. Do not allow MD529 to get away with these unilateral changes to the terms and benefit calculations of our contracts. This debacle caused by MD529 contract changes must be fixed quickly. We don't have 12 months. Please help our kids NOW or before the Fall 2023 tuition is due. Please direct the MD529 Board to pay the FASFA account values in the December 2021 statements provided to account holders. Thank you.

MBarillas written testimony 2-22-23.pdf

Uploaded by: Martha Barillas

Position: FWA

Dear Maryland Legislature/Senate,

As a resident of the state of Maryland and MD529 MPCT account holder, I am writing this testimony to request your assistance in resolving an URGENT matter. In 2007, my family opened an MPCT account. We diligently and faithfully contributed into the MPCT until our last payment in October 2021. Since our son planned to start college in the Fall of 2022, we contacted MPCT customer support in early 2022 to better understand our account benefits. In particular, we inquired about the minimum benefit and were told a minimum benefit amount that was consistent with the revised minimum benefit definition in the MPCT August 21, 2021 letter to us and our December 31, 2021 account statement. Like many families, the information provided to us regarding our MPCT account was a critical factor in our decision as to where our son would attend college.

Our son began attending a MD state university in the Fall of 2022. To date, we've submitted claims for Fall 2022 and Spring 2023 semesters' tuition, fees, and qualified higher educational expenses. However, the amount of money we received from MPCT for each semester was not only below the minimum benefit, we will not even recover the full principal we paid into the plan! How can this be correct and justifiable? The MPCT is supposed serve our children, not take away the hard-earned money they saved. It is appalling and unconscionable that MPCT is not, at a minimum, providing us the equivalent of our principal investment into the fund for our son's education at this time while they correct their own mistakes. At this point, our earnings are not being delayed, they are being denied.

In August 2021, MPCT notified account holders of significant changes in the administration of the Trust. These changes included:

- "Minimum Benefit means payments duly made under this Contract, minus Operating Expenses, plus a certain rate of return. Accounts in existence on October 31, 2021: For accounts in existence on October 31, 2021, **contributions** in your Account prior to October 31, 2021 **will earn 6%** on balances, compounded monthly, until benefits are withdrawn, or your Contract is terminated." (emphasis added) (Page 2, August 2021 letter)
- "Earnings for Rollovers and Refunds. Accounts in existence on October 31, 2021: For accounts in existence on October 31, 2021, **contributions** in your Account prior to October 31, 2021 **will earn 6%** on balances, compounded monthly, until benefits are withdrawn, or your Contract is terminated." (emphasis added) (Page 5, August 2021 letter)

It is clear that the 6% earnings apply to all contributions into the account since its inception. MPCT now claims that the December 31, 2021 statements issued are incorrect because of issues associated with an earnings miscalculation. In its January 6, 2023 update MPCT stated that "Prior to November 1, 2021, any contributions made had earnings attributed at the rate of one-year government security minus 1.2% [and] starting on November 1, 2021, any existing balance began having earnings attributed at the 6% annual rate until used." This is a policy change that negatively impacts families.

When we opened a MD529 MPCT account in 2007, it was our understanding at the time that this plan would yield a rate of return based on the contract's definition of "minimum

benefits.” Every copy of the MPCT contract since we signed up with MPCT defines minimum benefits as payments made under this contract “plus a reasonable rate of return.” The 2021-2022 contract changed the definition of minimum benefit (as provided above) but it still includes a rate of return. The explanation of minimum benefits in the contract goes on to state that “in the event that Tuition at an Eligible Institution is less than payments you make under this contract plus a reasonable return, you may use the difference for other Qualified Higher Education Expenses such as room and board and books.” You can find this statement about other qualified higher education expenses in previous years contracts as well. We would note that during the January 24, 2023 hearing, Mr. Savia (MPCT Executive Director) stated multiple times that the MPCT only covers tuition. The definition of minimum benefits and the definition of qualified higher education expenses in the MPCT contracts contradict this statement.

As for the FAFSA reporting, we reported the MD529 value provided in writing, believing that was truly what we had in our MD529 account and that money would be paid to us for our son’s education. The MPCT annual statement states:

“*FAFSA VALUES REPRESENT THE REFUND VALUE TO BE USED WHEN REPORTING PREPAID TUITION PLANS AS AN ASSET OF THE PARENT ON THE FREE APPLICATION FOR FEDERAL STUDENT AID (FAFSA).”

As you may be aware, this value is used by universities in deciding what financial aid package to offer. This FAFSA value directly impacts a family’s finances. Why is it acceptable for MD529 to provide an overestimated and incorrect account value for families to report to FAFSA that negatively impacts a family’s opportunity for financial aid? This is leading Maryland families to financial hardships. We are in this situation because of MD529’s mismanagement of this plan.

We need a resolution now. For our family, and many others, this is urgent and should be a priority as we are months from having to pay another university bill. Our son deserves the opportunity for a college education. We worked hard to provide that for him and relied on MD529 to help us make that happen. The MPCT Disclosure Statement states the following:

Investments in the Maryland Senator Edward J. Kasemeyer Prepaid College Trust are **backed by a Maryland Legislative Guarantee. In the event that the Trust ever experiences a financial shortfall, Maryland law requires the Governor to include funds in the State budget to allow the Trust to pay your full Benefits.** As with the entire State budget, the Maryland General Assembly has final approval. (emphasis added)

Clearly, the Maryland legislature has the authority and responsibility to help those of us who have been harmed by MPCT. What are we asking for?

We respectfully request that you direct MD529 to make the affected account holders “whole” again by honoring the amounts reflected in the December 2021 statements.

Sincerely,

Martha Barillas

MPCT SessionStatement.pdf

Uploaded by: Mary Wise

Position: FWA

We have a student that made her college list and other decisions based on what we as a family could afford. A large portion of that decision relied on the annual statement on December 31, 2021, that included the "total FAFSA reporting value," defined as the "refund value" of our accounts. This total tracked with the since inception rate of return as described above, which was about 6 percent. Those documents state that **"after 60 days the information will be considered correct and binding for the account."** The 529 board never informed us of any changes during this 60-day window. I even called during the summer when I noticed the value had gone down and was told that I could use the 2021 valuation letter as my FAFSA value.

That changed by the Fall. The 529 board has never sent written communications to account holders that the FAFSA numbers were wrong, as required by our contracts. We relied on these 2021 documents, and other corroboration from the Trust, to make financial decisions. I submitted a request for a recalculation on October 4th and didn't receive anything until January 23rd, 2023. That valuation is barely above the contract amount we put in.

This is not what we expected to have when we set up this account. We had an older account with the Prepaid college trust where we paid over \$10,000 for a 2-year college plan and received our contract amount, plus earnings totaling \$11,730. We paid into this account for 35 months and received a return rate of around 7%. For our current account, which we have been paying into for 17 years, the earnings rate is now only 1% based on your revised calculations. This is not acceptable. The Trust is not entitled to retroactively change the earnings calculations prior to November 1st, 2021. This is a significant change that breaches Article IX in the contract.

And now we are trying to negotiate with colleges to see if they will consider more aid for our child. These are all colleges that were in our wheelhouse prior to the egregious actions of the MPCT 529 Board. We cannot fully at ease and celebrate our child's efforts and accomplishments because this is hanging over the whole process. If we are able to get some more aid from a school, that means there may be less aid for another student. The actions of the MD 529 Board have implications beyond what they understand. We are asking that the Plan honor the rollover amounts presented in the December 2021 letters, impel the Trust to make those who have been adversely affected by their actions whole, and use your Legislative powers to prevent this from happening to other Maryland families.

This is a cruel change that should not have happened. PLEASE HELP US AND FIX THIS NOW!

MB Steil testimony 2-22-23.pdf

Uploaded by: Marybeth Steil

Position: FWA

February 21, 2023

My name is Marybeth Steil, and my husband John and I invested in the Maryland Prepaid College Trust (MPCT) as well as the Investment Plan in 2010.

I am writing to express our outrage at Maryland529 and implore this committee and the Maryland Legislature to fully back the "legislative guarantee" that induced us all to invest in the MPCT. We would not have invested \$44,667.00, when our daughter was barely 3 years old, if we had not trusted the Maryland state government to run a solid program and for the state legislature to back their words with their deeds.

Please do not be fooled by Mr. Savia or the others representing Maryland529. **This mess is not a calculation error.** It is a unilateral change in our contracts. They are literally stealing from children. Do not let them get away with it. We always had the option to rollover our funds, so that they could be used at institutions other than Maryland state universities and colleges.

When deciding to open an account with MPCT, my husband and I understood that the in-state tuition benefit afforded by the MPCT was due to increase significantly from our purchase date in 2010, and the advertising materials for the MPCT highlighted it, in the very first pages of the brochure. Remember, this was advertised as an investment in our children's future— not just a piggy bank. No one in their right minds would ask the state to hold funds for 15+ years, charge fees, and then hand back the same amount of money without any earnings. Please do not accept the Maryland529 Board's assertions that the Marylanders who opened 27,000 accounts in the MPCT are this stupid. Why are they continuing to assert this when their fund is doing so well, financially? Is the plan truly overfunded? Are the investment returns truly there? Is there something amiss? Please, for the love of God, remove these people from any decision making over our accounts! They are clearly incompetent.

Every contract from 1998-2021 clearly states that we always had the Second Option - to a Rollover distribution amount EQUAL to all payments made to MPCT plus or minus 100% of Investment Earnings, and in practice has been calculated and distributed to thousands of policy holders before us for 20 years.

Their changes to that Article and the new calculations being used are applying not "100% of Investment Earnings" as written but instead a rate equal to 1 Year Treasury Note minus 1.2% (effectively 0-1%) for all periods before November 2021 and a new language rate of 6% to periods after November 2021.

As of the 2019 Board vote and subsequent 2021 contract changes to Article VI, the Investment Earnings rate realized by MPCT was 6% annually. As of today, that figure is 5.3% due to a tough 2022 stock market.

Does 0-1% being used for years prior to November 2021 in their recalculations, sound like the 5.3-6% investment earnings return realized & owed to all policy holders under the original Article VI to you??

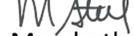
We need this body to compel the MD529 to HONOR their contracts that we all signed and agreed to over the initial 20 years of the program, and not allow these unilateral changes to the terms and benefit calculations of our contracts to stand one day longer. All 27,000 policy holders are being damaged - only a few thousand of us are probably even aware of the damage they have done. But don't worry the other 25,000 are coming behind us as their children hit college age... and they expect to receive what was written in their contracts too.

This "issue" or "error" caused by these contract changes, or "additional benefits" and "simplicity" as their disclosures claimed, can be fixed in 30 minutes if they were compelled to do so.

We don't have 12-18-24 months. My daughter is due to start college in the fall of 2025. We will be looking at schools and evaluating our financial options starting this summer and fall! How are we supposed to evaluate what our options are while the MPCT is in limbo? This is unconscionable.

Thank you for your attention to this matter. Please take corrective action to RESTORE our Earnings, per our terms of the contract, and allow us to Rollover those funds and get out of the MPCT. They are completely incompetent and should not hold our funds for one more day.

Sincerely,



Marybeth Steil

822 Cherry Tree Drive

Eldersburg, MD 21784

Marybeth.steil@gmail.com

District 5

Megan Boley Senate Hearing Written Testimony.pdf

Uploaded by: Megan Boley

Position: FWA

Thank you for giving me the opportunity to write to you about the MD 529 Prepaid College Trust issues.

My name is Megan Boley, and I am from District 27B. I am a high school senior who plans to attend Towson University this fall. My parents opened an MPCT for me when I was born in 2005. I've been told that my MPCT trust account had a rollover value of \$91,697.60 in December 2021 as well as in February 2022. This amount would allow me to rollover the balance to the MD Investment Plan so I can pay for tuition and room/board without worrying about going into debt.

I've been told that that balance has been recalculated so that I only have a value of less than 50% which means I would have to take out college loans to pay my room and board, which costs more than tuition, and risk being in significant debt when I graduate college.

I ask that the State of Maryland honor the balance of my Prepaid Trust from the December 2021 statement so I can go to college without adding to the student debt crisis in our country.

Thank You.

Megan Boley, age 17

MPCT Testimony 2_22_2023 mh.pdf

Uploaded by: Monica Heinlein

Position: FWA

Monica Heinlein
9014 Moving Water Lane
Columbia, MD 21046
District 13

February 20, 2023

Education, Energy and Environment Committee
Senate Bill 475
Maryland Prepaid College Trust Account Holder Testimony

Committee Members, thank you for reading my written testimony.

I'm Monica Heinlein and I haven't been able to access my son Connor's 529 Prepaid College Trust account for 10 months. Connor's a freshman at Towson University and I've had to borrow money to pay for his Fall and Spring semesters, even though I've been investing in the 529 Trust for the past 14 years.

Connor's full college savings funds have been locked down and inaccessible since the 529 Board put a hold on rollovers last April 2022 while they worked on a "fix" that they claimed was due to a calculation error. In January 2023, the Board's calculation "fix" was shared on the Maryland 529 website (not communicated directly to account holders). It retroactively changed our contracts and resulted in eradicating earnings that were previously applied to accounts prior to November 2021 and reported as FAFSA values on our 2021 annual account statements.

We need your help to remedy the harm and damage that the 529 Board's actions caused account holders. We need our full account values reinstated that were reported to us as the FAFSA value on our 2021 annual statements.

I'm a Maryland public school educator and single mother who has sacrificed and struggled financially for the past 15 years to save for both my boy's college education. I trusted the Trust. I expected Connor's full account value to be accessible when he was ready to go to college. I've lived in Maryland all my life, I'm a proud Bowie State University and University of Maryland Alum, and never in my wildest dreams, did I expect that a Maryland state agency would cause harm to families like myself, who've sacrificed to save for our children's college education.

To date, I've paid \$21,000 in principle for Connor's Prepaid Trust account. Based on the Board's erroneous decision to change to the earnings calculation on accounts opened prior to November 2021, Connor's account will lose approximately \$12,000 in earnings. For a single mother of two college age boys, this is like a punch in the gut and has caused me sleepless nights and a high level of stress.

My goal for opening Connor's college savings account in 2009 when he entered kindergarten was to prevent him from becoming part of the student loan debt crisis plaguing millions of Americans.

If this harmful change to earnings calculations isn't reversed, Connor may very well become a casualty of the student loan debt crisis.

I used to think that dissolving the Trust was a radical idea and perhaps unnecessary. As this nightmare continues for me and thousands of others, I'm beginning to believe that dissolution of the Trust might be the best course of action to provide families with the relief we desperately need, to move forward, and to heal.

Thank you for your time and help.

Sincerely,

Monica Heinlein

SB0475 February 21, 2023 Varnovitsky Testimony .pd

Uploaded by: Natasha Varnovitsky

Position: FWA

February 21, 2023

Dear Senators:

My name is Natasha Varnovitsky. I am a single mom of Joseph Varnovitsky, who is currently 19 years old and a college student. In 2004 I funded my son's Maryland Prepaid College Trust account (Acct 4006000310) with a \$10,000 downpayment and made monthly payments of \$245 for the next 16 years. In total, I paid \$56,295 to MPCT. I chose MPCT because it was backed by legislative guarantee and because the terms of the contract specified that an account holder can roll over the MPCT account into a Maryland College Investment account, which would entitle the account holder to receive, in addition to principal, the amount equal to the total rate of return of the Trust as of that date.

In 2021 my son started applying to colleges. I checked the value of my MPCT account to verify how much money we had. The **2021 Year End FAFSA/Rollover Statement showed account value of \$96,918.35**. Based on this valuation, we decided that my son can attend an out-of-state school. In the spring of 2022 he chose to attend College of William and Mary in Virginia. The out-of-state cost of attendance for William and Mary is \$60,000 per year. In the summer of 2022 I called MPCT to do a rollover of funds to receive the rate of return all rollovers were entitled to per the terms of the contract, which at that point was 6%. However, I was told that rollovers were temporarily disallowed while MPCT performs a recalculation of account balances. I needed to pay Joseph's tuition, so in the fall of 2022 I filed a claim to receive weighted average tuition. I received a payment of only \$6,764.95. Multiplied by 8 semesters, that's only \$54,119. This is \$42,799 less than the December, 2021 FAFSA value of my account and \$2,176 less than what I paid into the MPCT.

The new December, 2022 Year End Statement on my account no longer shows the FAFSA value. Furthermore, I am being told that the terms of the rollover have changed and that I am no longer entitled to the rate of return the Trust assets have accrued to date. This represents a retroactive change to the terms of my contract, and it harms me in the amount of at least \$42,799. Being a single mother, I can ill afford such a loss. I have sacrificed a lot over the years to fund my son's college tuition and I do not accept that MPCT can retroactively strip me of over \$40,000 in account value. This money should go towards my son's college tuition, not MPCT.

I trust that you will remedy this injustice and ensure that the parents who sacrificed to make their kids' college dream a reality are not stripped of the funds that are rightfully theirs.

Sincerely,

Natasha Varnovitsky
5908 Tudor Ln
Rockville, MD 20852
nvarnovitsky@gmail.com

MD General Assembly Written Statement.pdf

Uploaded by: Patricia Stavros

Position: FWA

11627 Hunters Run Drive
Hunt Valley MD 21030

February 20, 2022

Dear Maryland Lawmakers and Comptroller:

We are account holders in the Maryland 529 Pre-paid College Trust (MPCT) and are writing this letter to request your assistance in resolving this matter in a way which would be fair and equitable to all of us who have been harmed by the MPCT.

In 2009, we opened a MPCT account for our children with a 25% deposit and regular payments thereafter in order to help prepare for the education of our twins. Since the children were scheduled to start college in the Fall of 2022, I contacted MPCT in March 2022 to better understand our account benefits. I was told that both accounts had a total value of approximately \$81,000 as reported on our December 2021 FAFSA statement. We would be able to rollover our account into the MD Investment Plan or request minimum distributions plus excess distributions to cover additional tuition, books, room and board (as defined in the contract). We made critical college decisions based on this information.

My daughter enrolled in college in Fall 2022, and we were required to report this value to FAFSA and the college. My son does not need his account and as a result, we transferred the beneficiary's name over to my daughter. I made numerous subsequent calls to MPCT in preparation for payment of fall tuition in June 2022 and learned that the funds would not be released until August 2022. Around that time, we discovered that 50% of the account value disappeared and have been frantically calling on a weekly basis without any understanding of this the true situation. Due to such shady behavior, we feel that fraudulent practices have occurred, and this is not a miscalculation as we have been led to believe. NOW is the time we need distributions from her account. Where are our earnings?

My daughter, Sofia Konkolics, is attending a 6-year direct entry program for physician assistants, which was not available in Maryland. Her education holds a price tag of close to \$500,000. Every bit of the value that was reported on the 12/31/21 statement is needed to fund her education. Now that we do not have full access to these funds, our family is struggling to pay tuition. We are at a financial loss because we have had to unexpectedly pull money from other accounts to pay for our student's education. The MPCT is supposed to help parents when their children are ready to attend college, not take away the hard-earned money they saved. What's the point of working hard, sacrificing, and saving money for your child's college fund when it gives you back less money than the principal that you put in? It is appalling and unconscionable that MPCT has changed the rules when it is time to pay for our daughter's education. At the moment, MD529 currently has excess funds to not only pay us our full principal but also the earnings noted in our December 31, 2021 statements. To add insult to injury, MPCT has the means to help us but refuses to do so.

In the summer of 2022, we were told by representatives that MD529 was working on processing minimum benefits and we would be given an update soon. We continued to make frustrating calls, only to speak with representatives that could not or did not know answers to all our questions. We are now past the date when tuition was due for the Fall 2022. In November 2022, we were told that we could escalate our issue to "account support" and request a manual calculation since our child was currently enrolled in college. Despite weekly calls, I could not reach a manager and no one would return my calls. In December 2022, another tuition payment was due and we still had no answers or access to our funds. An email was sent to Anthony Savia in December 2022 and he suggested that we request the minimum distribution and we could get our excess funds when this

situation was resolved. This was done on 12/28/22; however, if this action jeopardizes our ability to receive the full value of our account, I will only assume that this option was suggested by Mr. Savia to harm us further. We finally received a manual calculation on only one of our two accounts in the form of a microscopic, erroneous excel spreadsheet that listed all our contributions, along with the many fees that were deducted. The value of our account is barely the same as our initial investment 15 years ago, and no one is available to help interpret this drastic reduction. The representatives claim they don't have access to any of these reports. We have attempted on numerous occasions to speak with Mr. Savia and he dropped off the face of the earth and not responded. It is truly frightening to be ignored when we trusted MD 529 with precious funds for education.

We chose the Prepaid Investment Plan because it had rollover options that favored out-of-state choices, and are horrified that the account value has been stolen on the exact year that we need the funds. If the Plan wants to change the terms, it should take effect on all new plans, not on existing plans. At this point, we have not had the opportunity to use any of our interest earnings for the entire first year of my daughter's education. Our earnings are not being delayed; they are being denied.

We received a letter from the MD State Senate asking our university to be patient while Maryland resolves this situation. This is unacceptable as institutions will not register students for classes or release grades when tuition is not paid. This letter also states that the issue will not be resolved until April 2023. We have no confidence that this will happen based on the track record since April 2022.

In August 2021, MPCT notified account holders of significant changes in the administration of the Trust. These changes included:

- "Minimum Benefit means payments duly made under this Contract, minus Operating Expenses, plus a certain rate of return. Accounts in existence on October 31, 2021: For accounts in existence on October 31, 2021, contributions in your Account prior to October 31, 2021 will earn 6% on balances, compounded monthly, until benefits are withdrawn, or your Contract is terminated." (Page 2, August 21, 2021 letter)
- "Earnings for Rollovers and Refunds. Accounts in existence on October 31, 2021: For accounts in existence on October 31, 2021, contributions in your Account prior to October 31, 2021 will earn 6% on balances, compounded monthly, until benefits are withdrawn, or your Contract is terminated." (Page 5, August 21, 2021 letter) Based on a plain language interpretation of these statements, it is clear that the 6% earnings earned applied to all contributions into the account since its inception. In addition, at the January 24, 2023 hearing, a consumer panel provided slides to the Committees. In these slides, it states the Board's intent was for the 6% earnings to apply to contributions prior to November 2021. Our December 31, 2021 statement from MPCT indicated a FAFSA reporting value that was consistent with this interpretation so we had no reason to suspect any miscalculation.

MPCT now claims that the December 31, 2021 statements issued are incorrect because of issues associated with an earnings miscalculation. In addition, MPCT is interpreting statements in the August 21, 2021 letter such that the 6% earning does not apply to contributions prior to November 21, 2021. In its January 6, 2023 update MPCT stated that "Prior to November 1, 2021, any contributions made had earnings attributed at the rate of one-year government security minus 1.2% [and] starting on November 1, 2021, any existing balance began having earnings attributed at the 6% annual rate until used."

As for the FAFSA reporting, when we filled out our FAFSA for 2022-2023 and 2023-2024, the account statement we were provided indicated a value much higher than our principal. We reported that value, believing that was truly what we had in our MD529 account and that money would be paid to us for our daughter's education. The MPCT annual statement states:

“*FAFSA VALUES REPRESENT THE REFUND VALUE TO BE USED WHEN REPORTING PREPAID TUITION PLANS AS AN ASSET OF THE PARENT ON THE FREE APPLICATION FOR FEDERAL STUDENT AID (FAFSA).”

This FAFSA value directly impacts a family’s finances. Why is it acceptable for MD529 to provide an overestimated and incorrect account value for families to report to FAFSA that negatively impacts a family’s opportunity for financial aid? This is leading Maryland families to financial hardships. We are at the mercy of the Board and the Maryland legislature to fix this problem. We did what we had to on our part. We saved. We read. We communicated. We did our due diligence. Yet, we are in this situation because of mismanagement of a plan by MPCT that has existed over many years. This is not an issue that just started a few months ago. Please have your staff look into the past audits. There have been red flags for years, and it was up to the Board to address them, and up to the state to hold the executive team accountable. Instead, appropriate actions were not taken in time and as a result, families are being negatively impacted. We pay our Maryland taxes, and we are honest hard-working citizens. We never expected to be here. On behalf of our family and all other families with students in college, we ask for your help. During the January 24, 2023 hearing, Mr. Savia stated that it would take several months to solve this problem. That is unacceptable. We need a resolution now. As stated earlier, we have been trying to get resolution for 5 months and in a few months, it will be a year. For our family, this is urgent and should be a priority as we are “months” from having to pay another university bill. Our daughter deserves the opportunity for a college education. We worked hard to provide that for her and relied on MD529 to help us make that happen.

The MPCT Disclosure Statement states the following:

Investments in the Maryland Senator Edward J. Kasemeyer Prepaid College Trust are backed by a Maryland Legislative Guarantee. In the event that the Trust ever experiences a financial shortfall, Maryland law requires the Governor to include funds in the State budget to allow the Trust to pay your full Benefits. As with the entire State budget, the Maryland General Assembly has final approval.

Clearly, the Maryland legislature has the authority and responsibility to help those of us who have been harmed by MPCT. As described above we have acted in good faith honoring our end of the contract by making payments on time and performed our due diligence in obtaining, confirming, and understanding the information provided to us. We should not have to bear the additional financial burden of having to come up with additional funds to pay for college because of to MD529’s, mismanagement, miscalculations, and ineffective communications.

What are we asking for? We respectfully request that you direct MD529 to make the affected account holders “whole” again by honoring the amounts reflected in the December 2021 statements. During the January 24, 2023 hearing, Mr. Savia stated the plan is in healthy standing and it has millions in surplus of funds. Families before us have received all of their earnings and we expect no less. We need every cent of the interest we earned in this account to pay for education. We need your help to make this right. Thank you for hearing our situation.

Sincerely,

Patricia A Stavros and Sofia Konkolics

SB0475 MPCT_Letter_Patrick Fogle.pdf

Uploaded by: Patrick Fogle

Position: FWA

Notice of Error within MPCT's Annual Statement, December 31, 2022

Re. MPCT Accounts 4009000512 and 4005002733

To Whom It May Concern:

My name is Patrick Fogle and I am a holder of two (2) MPCT Accounts, account number 4009000512 for the benefit of Carlie P. Fogle and account number 4005002733 for the benefit of Mikayla A. Fogle (collectively the "MPCT Accounts").

I am writing to inform you that my statement of December 31, 2022, a copy of which is attached, does not accurately reflect the MPCT Accounts as it contains errors in the value of the two accounts as compared to the statement of December 31, 2021, a copy of which is attached. Accordingly, MPCT is not authorized to consider its December 31, 2022 Annual Statement of the MPCT Accounts as either correct or binding.

MPCT's Annual Statement, dated December 31, 2022, is incorrect, erroneous, and fails to indicate the true, correct, and proper value for the MPCT Accounts. It further does not reflect the status of either, and/or both MPCT Accounts by incorrectly noting the earnings/interest within the MPCT Accounts.

Specifically, MPCT's Annual Statement, dated December 31, 2022, among other things:

- a) Fails to account for earnings and/or interest accrued within both MPCT Accounts, as reflected within the December 31, 2021 Annual Statement. In short, there is at least \$61,191.78 of total value missing earnings/interest;
- b) Fails to account for the true, correct, and proper FAFSA Balance within both MPCT Accounts, which results in an improper reporting in the 2021 application for FAFSA student aid. In short, there is at least \$159,971.78 of missing FAFSA Value as no FAFSA value is reported in the 2022 statement;
- c) Fails to account for the Trust Returns, from the inception of both MPCT Accounts, as defined by the Disclosure Statement, upon which I reasonably relied when opening the MPCT Accounts and the contractually binding obligations of MPCT. In short, there is at least \$61,191.78 of missing earnings/interest;

d) Fails to truthfully, accurately, and/or properly update both MPCT Accounts, as it relates to Account Value, Earnings, Trust Earnings, and FAFSA Value, when compared to the MPCT Annual Statement, dated December 31, 2021, and

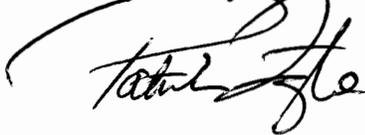
e) Fails to truthfully, accurately, and/or properly account for, and disclose the value of the Minimum Benefits accrued within both MPCT Accounts.

Accordingly, I respectfully request a corrected, true, accurate, proper Annual Statement, dated December 31, 2022, which reflects the proper amount of, at least, the value of \$159,971.78 as reflected in the December 31, 2021 Annual Statement.

Consistent with MPCT's stated timetable, I will expect a complete response, including all requested Corrected Account Statements, documents, calculations, accountings, and confirmation that earnings/interest has been credited and deposited into the Accounts, within sixty (60) days from the date of this Memo.

By submitting this notice, I am not waiving any rights I may have to further challenge and/or contest MPCTs past, present, and/or future Annual Statement(s), Account Statement(s), determinations, calculations, accountings, reconciliations, and/or errors.

Respectfully submitted,



Patrick Fogle

22305 Bertie Farms Court
Gaithersburg, MD 20882

February 15, 2023

Maryland529

PO BOX 44257 | JACKSONVILLE, FL 32231

MPCT ANNUAL STATEMENT

December 31, 2021

0000813

125159 1 1
PATRICK L. FOGLE
22305 BERTIE FARM CT
GAITHERSBURG MD 20882-1426

VISIT: www.maryland529.com
 CALL: 1.888.4MD.GRAD (63.4723), Prompt 2
 MAIL: PO BOX 44257, JACKSONVILLE, FL 32231

ACCOUNT HOLDER:	Patrick L. Fogle
EMAIL:	fogle.patrick@gmail.com
TOTAL FAFSA REPORTING VALUE*:	\$159,971.78
TOTAL CURRENT TAX YEAR PAYMENTS**:	\$9,850.00

ACCOUNT NUMBER: 4005002733	BENEFICIARY: MIKAYLA A. FOGLE	ACCOUNT HOLDER'S SUCCESSOR: AMANDA F. FOGLE	
PRODUCT	PRODUCT TYPE: Four Year/8 Sem	PAYMENT OPTION: 17 Year Annual	PROJECTED COLLEGE ENROLLMENT YEAR: 2022
FINANCIALS	PURCHASE PRICE: \$51,835.00	PAYMENTS RECEIVED: \$49,291.00	BALANCE REMAINING: \$2,544.00
	SCHEDULED PAYMENT AMOUNT: \$2,544.00	EARLY PAYOFF DISCOUNT: \$0.00	TOTAL FEES DUE: \$0.00
	FAFSA REPORTING VALUE*: \$90,976.32	CURRENT TAX YEAR PAYMENTS**: \$2,544.00	
BENEFITS	SEMESTERS AVAILABLE: 8.000		
ACCOUNT NUMBER: 4009000512	BENEFICIARY: CARLIE P. FOGLE	ACCOUNT HOLDER'S SUCCESSOR: AMANDA F. FOGLE	
PRODUCT	PRODUCT TYPE: Four Year/8 Sem	PAYMENT OPTION: 17 Year Annual	PROJECTED COLLEGE ENROLLMENT YEAR: 2026
FINANCIALS	PURCHASE PRICE: \$62,101.00	PAYMENTS RECEIVED: \$47,489.00	BALANCE REMAINING: \$14,612.00
	SCHEDULED PAYMENT AMOUNT: \$3,653.00	EARLY PAYOFF DISCOUNT: \$0.00	TOTAL FEES DUE: \$0.00
	FAFSA REPORTING VALUE*: \$68,995.46	CURRENT TAX YEAR PAYMENTS**: \$7,306.00	
BENEFITS	SEMESTERS AVAILABLE: 8.000		

THIS STATEMENT INCLUDES ONLY ACTIVE CONTRACTS WITH BENEFITS REMAINING. BEFORE BENEFITS MAY BE UTILIZED, ALL OUTSTANDING BALANCES MUST BE PAID IN FULL, AND THE ACCOUNT HOLDER'S EMAIL AND THE BENEFICIARY'S SOCIAL SECURITY NUMBER MUST BE ON FILE. IF YOU BELIEVE THIS STATEMENT DOES NOT ACCURATELY REFLECT THE STATUS OF YOUR ACCOUNT, YOU HAVE 60 DAYS FROM THE DATE ABOVE TO NOTIFY US OF THE ERROR. AFTER 60 DAYS, THE INFORMATION WILL BE CONSIDERED CORRECT AND BINDING FOR THE ACCOUNT.

*FAFSA VALUES REPRESENT THE "REFUND VALUE" TO BE USED WHEN REPORTING PREPAID TUITION PLANS AS AN ASSET OF THE PARENT ON THE FREE APPLICATION FOR FEDERAL STUDENT AID (FAFSA). FOR MORE INFORMATION, PLEASE SEE THE FAFSA LINK ON THE PREPAID BENEFITS PAGE WHEN YOU ACCESS YOUR ACCOUNT ONLINE.

** MARYLAND TAXPAYERS CAN DEDUCT UP TO \$2,500.00 PER ACCOUNT FROM THEIR MARYLAND STATE INCOME FOR PAYMENTS THEY MADE IN THAT CALENDAR YEAR. PAYMENTS IN EXCESS OF \$2,500.00 PER ACCOUNT CAN BE DEDUCTED IN FUTURE YEARS UNTIL THE FULL NUMBER OF PAYMENTS HAS BEEN DEDUCTED. CONSULT WITH A TAX PROFESSIONAL REGARDING QUESTIONS RELATING TO YOUR SPECIFIC CIRCUMSTANCES.

Maryland529

PO BOX 44257 | JACKSONVILLE, FL 32231

MPCT ANNUAL STATEMENT

December 31, 2022

0003873

135096 1 1
PATRICK L. FOGLE
22305 BERTIE FARM CT
GAITHERSBURG MD 20882-1426

 **VISIT:** www.maryland529.com

 **CALL:** 1.888.4MD.GRAD (63.4723), Prompt 2

 **MAIL:** PO BOX 44257, JACKSONVILLE, FL 32231



ACCOUNT HOLDER:	Patrick L. Fogle
EMAIL:	fogle.patrick@gmail.com
TOTAL CURRENT TAX YEAR PAYMENTS**:	\$0.00

ACCOUNT NUMBER: 4005002733	BENEFICIARY: MIKAYLA A. FOGLE	ACCOUNT HOLDER'S SUCCESSOR: AMANDA F. FOGLE
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PRODUCT	PRODUCT TYPE: Four Year/8 Sem	PAYMENT OPTION: 17 Year Annual	PROJECTED COLLEGE ENROLLMENT YEAR: 2022
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FINANCIALS	PURCHASE PRICE: \$51,835.00	PAYMENTS RECEIVED: \$49,291.00	BALANCE REMAINING: \$2,544.00
	SCHEDULED PAYMENT AMOUNT: \$2,544.00	EARLY PAYOFF DISCOUNT: \$0.00	TOTAL FEES DUE: \$0.00
	CURRENT TAX YEAR PAYMENTS**: \$0.00		

BENEFITS	SEMESTERS AVAILABLE: 8.000
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ACCOUNT NUMBER: 4009000512	BENEFICIARY: CARLIE P. FOGLE	ACCOUNT HOLDER'S SUCCESSOR: AMANDA F. FOGLE
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PRODUCT	PRODUCT TYPE: Four Year/8 Sem	PAYMENT OPTION: 17 Year Annual	PROJECTED COLLEGE ENROLLMENT YEAR: 2026
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FINANCIALS	PURCHASE PRICE: \$62,101.00	PAYMENTS RECEIVED: \$47,489.00	BALANCE REMAINING: \$14,612.00
	SCHEDULED PAYMENT AMOUNT: \$3,653.00	EARLY PAYOFF DISCOUNT: \$0.00	TOTAL FEES DUE: \$0.00
	CURRENT TAX YEAR PAYMENTS**: \$0.00		

BENEFITS	SEMESTERS AVAILABLE: 8.000
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THIS STATEMENT INCLUDES ONLY ACTIVE CONTRACTS WITH BENEFITS REMAINING. BEFORE BENEFITS MAY BE UTILIZED, ALL OUTSTANDING BALANCES MUST BE PAID IN FULL, AND THE ACCOUNT HOLDER'S EMAIL AND THE BENEFICIARY'S SOCIAL SECURITY NUMBER MUST BE ON FILE. IF YOU BELIEVE THIS STATEMENT DOES NOT ACCURATELY REFLECT THE STATUS OF YOUR ACCOUNT, YOU HAVE 60 DAYS FROM THE DATE ABOVE TO NOTIFY US OF THE ERROR. AFTER 60 DAYS, THE INFORMATION WILL BE CONSIDERED CORRECT AND BINDING FOR THE ACCOUNT.

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Patrick Fogle
22305 Bertie Farm Court
Gaithersburg, MD 20882

Re. SB0475

February 21, 2023

To Whom it May Concern,

I am writing to voice my extreme displeasure in the way that the MPCT Board has mis-managed the two pre-paid accounts that I opened for my daughters sixteen and 14 years ago. The MPCT Board has breached the contractual terms of both agreements in which I entered by improperly removing the financial gains (contractually promised) and this breach should be cured.

One of my daughters is a senior in high school who has been admitted to Penn State University. She has worked hard academically for four years to get into the school that she has always wanted to go to since a small child. As a junior, and based on the 2021 statement for her MPCT account, she would have had a value of almost \$91,000 for tuition. We applied for FAFSA reporting this value and put a plan in place to cover any remaining expenses. Then, out of nowhere, the 2022 statement erased \$40,000 in earnings and now her ability to go to Penn State is in doubt. This is not only a breach but is unacceptable and actually cruel. She should get the money that she is contractually entitled to.

Please provide your support and correct the wrongs of the MPCT Board so that my daughter gets the tuition support she is deserves and so her sister also has the value that she is entitled to when she chooses her college.

The contracts terms clearly state that the accounts are entitled to earnings, as was reflected in the 2021 statements. Now the MPCT Board wishes to violate the contract and punish the children trying to get a college education.

Thank you for your efforts and consideration,

A handwritten signature in black ink, appearing to read 'Patrick Fogle', with a large, sweeping flourish above the name.

Patrick Fogle

Bob Rohlin written testimony SB0475 Hearing Februa

Uploaded by: Robert Rohlin

Position: FWA

Date: February 22, 2023

To: Maryland Senate Education, Energy, and the Environment Committee

From: Bob Rohlin, Maryland Prepaid College Trust (MPCT) account holder
9117 Walden Road, Silver Spring, MD 20901
(301) 502-6632

Re: **Breach of Contract** on how rollovers are paid out. See MPCT Disclosure Statement

Article VI: Rollover Amount Will Equal Payments plus 100% of Investment Earnings

Article IX: Changes to the Contract. "...we will not retroactively modify existing Contract provisions in a manner adverse to you or your Beneficiary,..."

MY STATEMENT

My name is Bob Rohlin. I am a MPCT account holder. I have three accounts for my three children, Liam (18), Sebastian (15), and Eva (11). I am most concerned about my oldest son Liam's account.

This time last year, he got accepted to James Madison University (JMU) to start in the Fall '22. Using our Statement from December 2021, we thought we had enough money to pay for the out-of-state tuition. The FAFSA value for his account showed \$95,458. I paid \$47,163 in contributions.

The FAFSA value made sense to me because Article VI of the contract's disclosure states that contributions will earn 6% interest compounded monthly. It also states that "Transfers within Maryland 529" will equal the actual payments made to the Prepaid College Trust plus 100% of the trust returns. When we were filling out the FAFSA form, I called Intuition two times to confirm the FAFSA value on my son's account. I was told that the annual statement reflected the accurate value of his account. My Annual Statement for December 2021 has never been corrected and it is considered binding. Additionally, there are numerous documented examples where prior account holders were paid out contributions plus 100% of investment earnings when they rolled their money into another 529 plan prior to November 2021.

In April 2022, I contacted Intuition to find out how I could Rollover the money, and they said that rollovers had not been done for some time, but they were working on it, and they hoped it would be resolved within the month. Well, April turned into May, which turned into June, and then the end of October (2022). Now, they are working on manual calculations, which I will talk about in a moment. Essentially, my money was, and still is being held hostage. As a result, my son decided to take a gap year until this gets resolved.

On January 2023, I received the manual calculation for my Rollover that was based on the new Minimum Benefit calculation, which I am now being told is used as the value for rollovers. My son's account value was reduced from \$95,458 to \$51,444. This Minimum Benefit does not include my trust returns. What I expected to receive in my rollover value is my paid contributions plus 100% of trust returns, as stated in the contract's disclosure.

The Executive Director and the MPCT Board changed how rollovers are being paid out. This is a breach of contract in Article VI and IX of the disclosure. The problem we face today is not a computer

programming error, or miscalculation, that has to be fixed. They (the Executive Director and the MPCT Board) changed how rollovers are paid out by retroactively reversing investment earnings. I want my rollover to be carried out based on the written contract and disclosure, and based on how rollovers were calculated prior to November 2021. I want my contributions and investment earnings to be restored to the FAFSA value of my December 2021 statement, plus the interest accrued in 2022 and 2023.

WHAT WE WANT

1. STOP THE MANUAL CALCULATIONS
2. RESTORE THE TRUST RETURNS TO ACCOUNT HOLDERS
3. PAYOUT ROLLOVERS AS WAS DONE PRIOR TO NOVEMBER 2021

Ryan Boley Senate Hearing Written Testimony.pdf

Uploaded by: Ryan Boley

Position: FWA

Thank you for giving me the opportunity to write to you about the MD 529 Prepaid College Trust issues.

My name is Ryan Boley, and I am from District 27B. I am a high school sophomore who plans to attend college in the Fall of 2025. My parents opened an MPCT for me when I was born in 2007. I've been told that my MPCT trust account had a rollover value of \$85,516.84 in December 2021 as well as in February 2022. This amount would allow me to rollover the balance to the MD Investment Plan so I can pay for tuition and room/board without worrying about going into debt.

I've been told that that balance has been recalculated so that I only have a value of less than 50% which means I would have to take out college loans and risk being in significant debt when I graduate college.

I ask that the State of Maryland honor the balance of my Prepaid Trust from the December 2021 statement so I can go to college without adding to the student debt crisis in our country.

Thank You.

Ryan Boley, age 15

SB0475 Prepaid College Trust_RD John written testi

Uploaded by: Ryan John

Position: FWA

RYAN D. JOHN
2410 CHATAU COURT
FALLSTON, MD 21047
rdjohn4375@gmail.com
(443) 966-0741 (cell)

February 22, 2023

Senator Brian J. Feldman, Chair
Maryland Senate
Education, Energy and the Environment Committee
Annapolis, MD 21401

Senator Feldman and Members of the Committee:

Thank you for the opportunity to provide written testimony to the Committee in favor of Senate Bill 475. This bill seeks to address the critical issue of the failure on the part of the Board of MD 529 to follow the contractual terms for those of us who invested in the Prepaid College Trust prior to October 31, 2021. I have three children whose accounts are impacted:

- 4014000395-Grace L. John beneficiary-University Plan-2 years
- 4014000430-Nora M. John beneficiary-University Plan-2 years
- 4014000431-Derek R. John beneficiary-University Plan-2 years

Since I have been a contract holder within the Maryland Prepaid College Trust (“the Trust”), an annual Disclosure Statement and Contract has been provided. Within Article VIII (General Provisions) is a clause that discusses changes to the contract. Specifically, this clause states the following (pulled from the current Disclosure Statement and Contract but consistent with language from previous years):

Changes to the Contract. We may amend the terms of this Contract from time to time to comply with changes in the law or regulations or if we determine it is in Maryland 529’s and/or the Prepaid College Trust’s best interest to do so. However, we will not retroactively modify existing Contract provisions in a manner adverse to you or your Beneficiary, except to the extent necessary to assure compliance with applicable state (including the Enabling Legislation) and federal laws or regulations or to preserve the favorable tax treatment to you, your Beneficiary, Maryland 529, or the Prepaid College Trust. We will promptly notify you of such amendments, and you will be bound thereby unless you notify us in writing of your intent to terminate the Contract within 60 days of the date of the notice.

This establishes an expectation of consistency within the contract provisions and provides for a very clear indication that changes will not be retroactively adverse in nature.

While the Trust is ostensibly designed to pay tuition benefits for contract holders, it also contains a calculation for Minimum Benefits within the context of the Trust paying tuition under the contract. This definition of Minimum Benefits is in the contract presumably to create a floor of value such that the tuition benefits paid would never be below the original value of the contract. Importantly, the contract has always contained rollover and refund provisions as well, providing contract-holders with additional avenues for accessing their funds besides the payment of tuition, along with clear calculation methods for those provisions.

Prior to 2021, all annual contracts described a method for calculating Minimum Benefits **separate and distinct** from the calculation for rollovers and refunds. Minimum Benefits were defined and calculated, per the 2019-2020 Disclosure Statement and Contract Article V, “as payments duly made under this Contract plus a rate of return equal to a monthly rate of return of a US Government Security with a constant maturity of one year minus 1.2%. The rate of return will never be less than zero.” For rollovers and refunds, however, the calculation instead used Trust Returns, which were defined as “the since inception rate of return for the Prepaid College Trust.”

In August 2021, the Disclosure Statement was updated in part to make changes to these calculations. As stated in the update to Article VI of the Disclosure Statement “In an effort to simplify the Benefits available under the MPCT and create an ease of understanding and use by Account Holders, one calculation will be used for the Minimum Benefit, rollovers and refunds.” The section goes on to say “For Accounts in existence on October 31, 2021, contributions in your Account prior to November 1, 2021 will earn 6% on balances, compounded monthly, until benefits are withdrawn, or your Contract is terminated.”

This updated calculation method is further documented in the October 13, 2021 letter from GRS, included in the 2021 MD 529 Annual Report, attesting to the actuarial soundness of the Trust. Please see the below paragraph describing the new calculation methods and that they had been used in calculating the actuarial soundness of the Trust:

Beginning November 1, 2021 and first reflected in the actuarial valuation results as of June 30, 2021, the same interest crediting will be used in calculations performed for the Minimum Benefit, rollovers and refunds. Interest will be credited through October 31, 2021 on account balances at the Trust since inception rate of return as of June 30, 2021 (6.00 percent). Interest credited after October 31, 2021 will be based on the 10-year Treasury note rate as of June 30, compounded monthly.

It is important to note that this language is **NOT** consistent with what is described in the August 2021 Disclosure Statement update, nor is it consistent with the GRS letter in the 2022 MD 529 Annual Report, shown below:

Beginning November 1, 2021, the same interest crediting will be used in calculations performed for the Minimum Benefit, rollovers and refunds. Interest will be credited on contract payments made to the Trust prior to November 1, 2021 at the since inception rate of return as of June 30, 2021 (6.00 percent) for periods both before and after November 1, 2021. Contract payments made on or after November 1, 2021 will be credited interest based on the 10-year Treasury note rate as of June 30, compounded monthly.

What is clear to me is the intent to have both Minimum Benefit and rollover/refund calculations use the since inception rate of return, defined as 6% in the August 2021 Disclosure Statement update. Since the

Contract does not permit retroactive changes that are “adverse” to contract holders, this aligns as the rollover/refund calculations are held constant and the Minimum Benefit calculation is improved, removing the incentive to roll funds over since tuition increases have repeatedly been below the rate of return in the Trust.

It seems abundantly clear to me by the language of the contract, as well as GRS’s letters in the 2021 and 2022 Annual Report (noting that the 2021 letter wording appears inaccurate with regard to returns after October 31, 2021), that all contracts can take their original payments made, and apply 6% compounded monthly, to arrive at a current Minimum Benefit, rollover or refund amount. I have done this simple calculation through 1/29/2023 for my three accounts below:

MD 529 Prepaid College Trust			
Ryan D. John Account Value Recalculation			
1/29/2023			
Beneficiary			
<i>Grace L. John</i>	Initial Contract Lump Sum	\$ 21,509.00	A
<i>4014000395</i>	Annual Interest Rate	6.00%	B
	Compounding periods/year	12	C
	Lump sum contribution date	7/11/2014	
	Ending date	1/29/2023	
	Number of months	102.00	d
	Ending amount	<u>\$ 35,773.26</u>	A*(1+B/C)^d
<i>Nora M. John</i>	Initial Contract Lump Sum	\$ 21,423.00	A
<i>4014000430</i>	Annual Interest Rate	6.00%	B
	Compounding periods/year	12	C
	Lump sum contribution date	7/11/2014	
	Ending date	1/29/2023	
	Number of months	102.00	d
	Ending amount	<u>\$ 35,630.23</u>	A*(1+B/C)^d
<i>Derek R. John</i>	Initial Contract Lump Sum	\$ 21,204.00	A
<i>4014000431</i>	Annual Interest Rate	6.00%	B
	Compounding periods/year	12	C
	Lump sum contribution date	7/11/2014	
	Ending date	1/29/2023	
	Number of months	102.00	d
	Ending amount	<u>\$ 35,265.99</u>	A*(1+B/C)^d
Total Account Value @1/29/2023		<u>\$ 106,669.48</u>	

Since my receipt of the updated Disclosure Statement in August 2021, I chose to leave my funds in the Trust as the rate of return was guaranteed at 6% going forward. However, in early 2022, the Trust stopped allowing rollovers and began manual calculations that have resulted in retroactive adverse

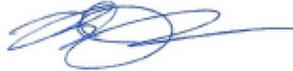
impacts to contract holders like me without an appropriate allowance of time for us to dispute the change and cancel our contracts.

It is clear to me that the Contract language is not being adhered to by Maryland 529, and those of us who chose to leave our funds in the Trust to continue to earn the 6% going forward are now being told we have earned little to no income in our time invested in the Trust (since 2014 for my accounts), even though August 2021 Disclosure Statement update promised us 6% and our contracts clearly state that we are to be credited for this income if we choose to roll our funds over. Instead, we are being told our only option is to accept this breach of contract.

I respectfully ask this Committee to correct this significant error on the part of the MD 529 Board and executive leadership and re-instate the contractual calculation for rollovers and refunds for contracts payments received prior to 11/1/2021. This is the only fair and equitable approach to correct this issue for all investors in the Prepaid College Trust.

Thank you for the opportunity to provide written testimony to the Committee, and I welcome any questions members may have of me.

Respectfully Submitted,



Ryan D. John

CC (via email only):

Delegate Lauren C. Arian: lauren.arikan@house.state.md.us

Senator J.B. Jennings: jb.jennings@senate.state.md.us

Siena Evers Written Testimony SB0475.pdf

Uploaded by: Siena Evers

Position: FWA

My name is Siena Evers and my parents funded four years of college tuition for me 18 years ago when I was a baby. I'm a senior in high school now. Prior to completing college applications my family let me know how much money was available for my education. I was thankful that my parents planned ahead and provided me with a path to a college degree without the need to incur massive student loan debt. A few months ago we found out that contracts were not being honored. A couple of weeks ago we found out that the value of my account was slashed by over 50%. I need to commit to a college by May 1st and my financial situation is very different from when I applied. How can the state take away over half of my college savings three months before I make the biggest financial decision of my life? When I turned 18 my parents encouraged me to open an IRA. There's not much money in my account now but I am worried that when I am ready to retire the government will take it away. My Mom said that would never happen. When I asked her "isn't that what just happened with my college fund?" she said "yes, I guess it did." If you can't trust the government with your money who can you trust? It is very stressful not knowing what my financial position is. Please help me get my college funds back ASAP so that I can make an informed decision about my future. Thank you.

MD529 Written Testimony_TGlasser.pdf

Uploaded by: Tammy Glasser

Position: FWA

February 21, 2023

Dear Legislators,

I want to thank you for your support and for reviewing the ongoing issues with the MD529 Prepaid Trust. I have been surprised, frustrated, angered, and disappointed by how MD529 has handled this situation.

I am asking that you please investigate the concerns account holders have about how MD529 misguided parents, provided false information, did not alert families to the calculation issue in a timely manner, and how an altered disclosure statement and earnings calculations methodology has retroactively modified the earnings families will receive and brought harm to countless Maryland families. We need your help to resolve these issues and find a solution that will help make families whole. The Maryland Prepaid Trust was built on a promise and the trust families have in the Maryland state legislature to help families afford the cost of college.

We understand this is a complicated issue and a difficult one to understand, especially since what the Maryland 529 Board and Executive Director, Tony Savia is telling you is different than what you are hearing from constituents and Maryland families. The messaging has been convoluted with two different issues - a "calculation error" that resulted in freezing additional earnings owed to families and an "interpretation error" of the disclosure statement that has cost families thousands of dollars. I hope the outline below helps answer some of your questions and provide you with the perspective from our family's point of view.

The GREAT NEWS that went terribly WRONG for SOME account holders:

- The following statement was included in the Maryland 529's Annual Report 2020, where the Board announced their plans to give back some of the Trust's earnings to the account holders. – I thought this was great news for **ALL OF US** who have contributed over the years.
 - *While having an actuarial surplus can protect the Trust's soundness from lower than expected investment returns, or higher than expected tuition increases, the Board is permitted by statute to consider a rebate when the Trust exceeds a certain funding status and plans to explore such an option.*
 - FYI – the Prepaid Trust is considered overfunded at 130% which it has been for the past 9 years. It is currently overfunded at 140% with a surplus of \$355M.
- From the June 2021 MD529 Board minutes:
 - *The Board endorses the rate of return calculation for minimum benefits, rollovers and refunds to be the Trust's since-inception rate of return as of 6/30/21 for balances held **PRIOR** to November 1, 2021.*

It says balances held **PRIOR** to November 1, 2021; not balances held on October 31, 2021. It's important that you pay close attention to the language and how it shifts over time.

<https://maryland529.com/LinkClick.aspx?fileticket=oq2Tmovalro%3d&tabid=1156&portalid=0&mid=4659&language=en-US>

- On November 4, 2022, we receive an email update that says:
 - *On behalf of Maryland 529, I want to again thank you for your patience this year as we have faced the challenge of correcting issues in the Maryland Prepaid College Trust created during the change-over process in 2021. As an update, on October 27, 2022, our Board voted on a number of initiatives that have placed us on a path forward toward providing accurate account values. One noteworthy change agreed-to by the Board is to retroactively change the method for calculating the minimum benefit from a “net contribution” formula to a ledger balance method. This change will ensure that all account holders receive the benefit of compounding of accrued benefits.*

What were the initiatives the Board voted on? We don't know because they were in closed session but, it sounds like they were making decisions in our best interest. I like the sound of “compounded accrued benefits”. So, even though things are bumpy and earnings are frozen, it's all going to work out, right?

- The Maryland 529's Annual Report 2022 included a letter dated October 26, 2022 (yes, just 4 months ago) to Chair of the Board, Peter Tsirigotis from Gabriel, Roeder, Smith & Company (“GRS”) reporting on the actuarial soundness valuation of the Maryland Prepaid College Trust (“MPCT”) as of June 30, 2022. Although the term “actuarial soundness” is not specifically defined, the purpose of the actuarial valuation is to evaluate the financial status of the MPCT as of June 30, 2022. The parameters for the report included:
 - *Beginning November 1, 2021, the same interest crediting will be used in calculations performed for the Minimum Benefit, rollovers and refunds. **Interest will be credited on contract payments** made to the Trust prior to November 1, 2021 at the since inception rate of return as of June 30, 2021 (6.00 percent) for periods **both before and after** November 1, 2021. Contract payments made on or after November 1, 2021 will be credited interest based on the 10-year Treasury note rate as of June 30, compounded monthly.*

More great news, the Board's decision to provide account holders 6% compounded earnings on contributions made prior to November 2021 was a sound one. So even though the past months have been bumpy with freezes and miscalculations, it's all going to work out, right?

I was pleased that the Board and leadership of the Prepaid College Trust saw fit to allocate the overfunding of the Trust to those who had been account holders prior to the change and also removed the inequity for those who used the Trust to pay tuition compared to those who rolled their funds over to the MD529 Investment Plan.

While parents are still believing the great news above, things are unraveling at Maryland 529. Why some parents are seeing RED:

- In December 2021, account holders received their annual statements. For the first time, they included the FAFSA value and it seems for those I've talked to, their balances were in line with the 6% compounded earnings. There are also parents who had their FAFSA calculated and received a letter from MD529 in 2019 and 2020, and the December 2021 balances were in line with what they previously received. They did not appear to be inflated and we had no reason to doubt the information. Per the Disclosure Statement - *You have 60 days after receiving an Annual Statement to inform us if any information in the Annual Statement is incorrect. After 60 days, we will consider the information in the Annual Statement to be correct and binding upon you and your Beneficiary.*

Shouldn't the same apply to Maryland 529, after 60 days, the information should be considered correct and binding? A FAFSA value represents parental assets. Historically, the FAFSA is the dollar amount an account holder can rollover to the MD529 Investment Plan (in other words, historically, it's been viewed as real money a.k.a. your account balance). This FAFSA balance is also reported on the federal FAFSA form and impacts financial aid. But Mr. Savia says that "it's only a number and it means nothing, that it was not our account value". He continued to tell families that it was an inflated number, well if that is the case, how will he rectify the negative impact on my child's financial aid package?

- In April 2022, MPCT froze the interest earnings distributions to beneficiaries due to an identified "calculation error". **NO NOTIFICATION** was sent to account holders to alert them of this issue or how this may or may not impact their account.
- Countless families (including my own) called MD529 during Spring 2022 and **CONFIRMED** the FAFSA number/account balance and was provided a new slightly higher value (because that's how compounded interest works). In April 2022, a MD529 representative clearly stated to me if I wanted to rollover my account, I would receive a 6% earnings but I needed to wait till June 1 because some accounts had calculation errors. That deadline was extended numerous times. But, if she was quoting me my account balance, she didn't mean my account, right?
- Families used this **CONFIRMED** value to make their college selections. We did not make this decision lightly; our family had a meeting to discuss all our financial resources (including our Trust balance) to determine if we could afford the Savannah College of Art and Design. Based on the information we were provided by MD529, the answer was "yes"! This was the best news yet – our daughter gets to go to her dream school!
- Although MD529 knew in April 2022 that there was a so called "calculation issue" and they suspended distribution of any additional earnings, they did **NOT NOTIFY FAMILIES TILL AUGUST 29TH (after tuition bills were due)** via email (which MD529 admits that they only have email addresses for approx. 15,000 of the 27,000+ account holders).

The email read:

- *Maryland 529 is currently working to address earnings calculation issues in the Maryland Prepaid College Trust (MPCT) that are impacting some Account Holders who need to take a distribution. To protect the Trust as a whole, the Maryland 529 Board has temporarily suspended the addition of certain interest earnings on MPCT distributions.*

*It is important to emphasize that **no MPCT Account funds are at risk**, and that MPCT Account Holders are still able to access their principal balances for Tuition payments and/or rollovers. Once all issues have been resolved, Account Holders will have access to their interest earnings.*

If they say “no funds”, wouldn’t you assume that means none of your perceived funds (contributions plus earnings) are at risk? The email did **NOT** say your December 2021 statements were incorrect and it did **NOT** say that account values that staff may have quoted you were wrong. It says “some account holders” and “that no funds are at risk”. Would you assume if there was an issue with YOUR account, you would have been notified separately? Would you assume that everything is okay with your account value and if not, maybe its off by a little but certainly not 40 - 60%?

Maryland 529 had an **OBLIGATION TO BE TRANSPARENT AND ALERT ACCOUNT HOLDERS** of the severity of this issue and the impact it would have on what we still believed at the time to be our account balances.

- For ten months, families have been calling and the staff answering the phones do not know basic information to assist families. Staff just responds that they “have no idea and cannot tell us anything”. I have tried calling, emailing, using the online contact form, submitting questions for Board meetings, and responding to the manual calculations form, and I have never received one response! Our frustration continues to grow as spring tuition bills are now past due.

The JANUARY 6th BOMBSHELL that sent parents over the edge:

On January 6th, Maryland 529 sent an email and document outlining the new calculation methodology. It states:

In the process of distributing these additional earnings (which ironically stem from an increase to percentage of attributable earnings effective November 1, 2021), the calculation was inaccurately reported and had to be corrected in compliance with the Board approved Disclosure Statement.

There were graphs included and it was **NOW** clear that the Board, Executive Director, or Intuition College Savings Plan changed the interpretation of the disclosure statement that account holders believed to be true.

Let’s take a closer look at how the wording has changed:

- Remember the June 2021 MD529 Board minutes where a vote took place:

- *The Board endorses the rate of return calculation for minimum benefits, rollovers and refunds to be the Trust's since-inception rate of return as of 6/30/21 for balances held **PRIOR** to November 1, 2021.*

FYI – Maryland 529 refers to “balances” as the total amount (principal + earnings) in your account each month on the 15th.

- Current Disclosure Statement from August 2021:

- *For Accounts in existence on October 31, 2021, contributions in your Account **PRIOR** to November 1, 2021 will earn 6% on balances, compounded monthly, until benefits are withdrawn, or your Contract is terminated. “*

*In an effort to simplify the Benefits available under the MPCT and create an ease of understanding and use by Account Holders, one calculation will be used for the Minimum Benefit, rollovers and refunds. Contracts held less than 3 years will receive 50% of the earnings. Contracts held greater than 3 years will receive 100% of the earnings from the calculation. Earnings for Rollovers and Refunds-Accounts in existence on October 31, 2021: For accounts in existence on October 31, 2021, contributions in your Account **PRIOR** to October 31, 2021 will earn 6% on balances, compounded monthly, until benefits are withdrawn, or your Contract is terminated.*

This changes the words a bit from “balances” to “balances on contributions” but that seems to have the same meaning. It says contributions prior to November 1, 2021, which should date back to initial contributions. Then it says “will earn” which makes it a little fuzzy as “will earn” could mean in the future - which makes it less clear than the initial vote by the Board.

This is historically in line with rollover and refunds return rate calculation, but most importantly a big boost for the Minimum Benefits. – which reflects the Board giving some of the trust's surplus back to the account holders who have been contributing all these years and making it equitable for all. [Prepaid College Trust](#)

- From the January 6th clarifying document included in the MD529 email:

- *In light of a calculated surplus in the MPCT Program, the Board of Directors voted in 2021 to implement a 6% Earnings rate on all balances in accounts as of October 31, 2021. Earnings compound every month.*

They refer to the Board of Directors' vote in 2021, which said (according to their minutes), “balances PRIOR”. They changed the wording to say “balances in accounts as of October 31, 2021”. This is different than balances held (or contributions) prior to November 1, 2021.

I submitted a rollover request form in April 2022 right after a MD529 representative told me it would earn 6% earnings, they held my form for 9 months and finally only allowed me to rollover my principal. I couldn't wait any longer since I needed the money to pay our tuition bill.

BREACH of Contract:

According to the Disclosure Statement, Article IX: *We may amend the terms of this Contract from time to time to comply with changes in the law or regulations or if we determine it is in Maryland 529's and/or the Prepaid College Trust's best interest to do so. **However, we will NOT RETROACTIVELY MODIFY existing Contract provisions in a manner adverse to you or your Beneficiary.***

But isn't that what they did, they retroactively modified the earnings rate of return for rollovers and refunds?

Historically families who did a rollover or refund, received the since-inception rate of return of the Trust, usually 5.5-6%.

- Now, families who want to do a rollover (sometimes a preference for students studying out-of-state) or refund, will receive the 1-year treasury minus 1.2%, essentially 0-1.8% return rate for being invested for approximately 10-20 years. It was our contributions that built the Trust yet **we will not benefit from the calculated surplus in the MPCT Program – we are the “missing middle”.**

By RETROACTIVELY MODIFYING the terms of the contract for rollovers and refunds, it has adversely effected many families. Our contributions built the Trust, and now we are having earnings taken away. The families who already took a rollover and the ones who invested right before November 1, 2021 and have 18+ years before taking distributions, will benefit a tremendous amount of return. But the families who have been invested for the past 10-20 years and their children are in or near college is not only missing out, they are losing thousands of dollars.

The families who children are in college have been harmed by the frozen earnings and the retroactively modified terms of the contract. From every indication, we don't think this was the intent of the Board. Why would they give the surplus of Trust funds to new families instead of the ones who have been invested all these years. **It just doesn't make sense.**

Other concerns:

- Because MD529 froze earnings and have taken so long to find a solution, families may finally receive earnings in a tax year where they did not have education expenses which will result in IRS penalties and taxes.
- The 1099-Q tax forms that families are receiving appear to be inaccurate. Providing false information to the IRS is a crime.
- Because they put a hold on my rollover for 9 months it has delayed my ability to rollover my 2nd and 3rd accounts in a timely manner. The IRS only allows 1 rollover per beneficiary per 12 months. So, I will be stuck in the MD Prepaid Trust for at least 2 more years even if I want out.

Maryland 529 should not expect that parents will be able to magically fill this gap in funding that they created. With no advance warning and tuition bills that were due, families had to quickly pivot to

refinance their homes, take out credit card debt, borrow from family, and set-up tuition payment plans that have fees – none of which was necessary if MD529 had honored their contract. Worst of all, this is impacting the beneficiaries, our children as many of them will have to take out student loans and debt that they did not plan for.

I put my trust in the state of Maryland and my family has experienced a great deal of harm. On top of the financial burden, this situation has created so much stress, worry and sleepless nights. I have spent over 30 plus hours researching information, writing letters, meeting with other account holders, and taking days off from work to attend hearings in Annapolis.

Families need your help and we need it now. There needs to be a solution and families need to be made whole before tuition bills are due for Fall 2023.

Thank you so much for your support.

Tammy Glasser
Mom to Juliet and Natalie Glasser
District 18
240-988-2424

Testimony MD 529 pdf.pdf

Uploaded by: Valerie Dyer

Position: FWA

Dear members of the Committee, my name is Robert Dyer, and I am here to tell you about my daughter Nadia's MD 529 account issues.

When our daughter was a toddler. We paid a lump sum of 25,500 dollars. Fast forward to November 2021 when we had to pay for our daughter's out of country school and called the MD 529 prepaid Trust to get the process started. At that time, they said we could not take a distribution until August of 2022. Our December 2021 MD529 statement showed her account had a FASFA value of \$60,101. We paid her first semester out of pocket with the plan of getting reimbursed in August of 2022.

When we called back in August of 2022, we were told that the earning on the account were frozen and that they would be fixed by the end of September. That deadline was never met, and we were told they were not sure when it would be fixed. Subsequent deadlines were also missed.

We were becoming very concerned about what was happening with the account and the decision to rollover the money to a Franklin Templeton 529 plan. Our thought was we could reimburse ourselves for tuition and housing to cover our 2022 expenses, and avoid tax penalties. When we asked to do the rollover, we were told that we could only rollover the principal because the earnings were still frozen.

The rollover process was a nightmare from start to finish. We started the process in early October. It was supposed to be a three week process. We told them it was imperative that we get the money as soon as possible so we could get reimbursed before the end of the year. We filled out the paperwork with a MD 529 representative and our financial advisor over the phone. The MD 529 representative told us what to include on the paperwork. We called back three weeks later only to be told the paperwork was incorrect and we had to fill it out again which we did with our financial advisor present and the MD 529 representative telling us what to change. We once again emphasized the importance of getting the money as soon as possible. Now we are in early November and we call back again only to find out they still need additional paperwork. We demand to speak to a supervisor, and are told our case has now been expedited. We contact MD 529 in early December and no progress has been made. Again, we demand a supervisor, and she told us she did not understand why the rollover was taking so long. We are guaranteed a tracking number by the end of the week which did not happen. This process happened 3 times in a row. The check was not cut until December 22, but was not sent out until December 27. The funds could not be accessed until the check cleared which was the first week of January 2023. We spoke to our accountant and were informed that the funds had to be withdrawn in the year that they occurred. Because the check did not clear until January 2023, we were out of luck, and could not get reimbursed for tuition and housing that we had paid for out of pocket. This has caused a financial hardship for our family as we have had to dip into our retirement emergency funds, as well as many sleepless nights, anxiety and increased stress on a daily basis.

We now have less money than what we put into the fund due to an administrative fee of 700 dollars. Even though we did a rollover, we received a confirmation letter from MD 529 full of errors stating that our refund was complete. We never requested a refund, nor did we take a refund. We called to inquire about the confirmation letter, and were told that it was a generic letter and that our earnings would be added later (the letter stated earnings were \$0 (zero)). Our fear is that we are not going to see any of the earnings as our online account now has a status of cancelled. We fear we may have lost \$34,600 because we elected to do a rollover before our manual calculation was done.

We have now come to realize that this was not a calculation error at all, but a breach of contract of article 4 of the disclosure. This is not a computer error or a calculation error that needs to be fixed. MD 529 Leadership and Board members changed how rollovers are paid out by retroactively reversing investment earnings.

We want our rollover to be carried out based on the written contract and disclosure we signed, and based on how rollovers were calculated prior to November 2021. We want our earning to be restored to the FASFA value on our 12/31/2021 statement plus the earnings accrued in 2022 and 2023.

Governor Moore's motto is "Leave No One Behind". This same motto is now on the Maryland welcome sign. Please don't leave our children behind!

Sincerely,

Robert and Valerie Dyer

SB0475 Written Testimony .pdf

Uploaded by: Vicki Evers

Position: FWA

Written Testimony re: Senate Bill SB0475:

I purchased a 4-year university plan in December of 2004 for my infant daughter for a lump sum payment of \$34K. At that time the Maryland Prepaid College Trust (MPCT) marketing brochure indicated that 18 years later the cost of four years of tuition would be \$110K. Ten years later, in 2014, I was shocked to see that the actual average cost of four years of tuition was only \$37K. However, the plan allowed a rollover or refund of principle plus or minus 100% of the investment earnings or losses. As it was clear that the tuition prediction was grossly overstated I began to monitor the trust returns in order to calculate the value of my account. Currently my account should be valued at more than \$100K. My December 31, 2021 MPCT statement indicated a value of \$91K. I had 60 days to dispute this value or it would become considered correct and binding. MPCT asserts that my account value is now \$41K.

Mr. Savia likes to insist that the Maryland Prepaid College Trust (MPCT) is a defined benefit plan, not an investment plan. However, the MPCT always has had an investment return component via the rollover or refund option mentioned above. It's also a great investment plan for those who contributed just prior to 11/1/21. Those account holders are guaranteed a 6% earnings rate compounded monthly on their contributions until distribution (potentially 18 - 28 years depending on when their student begins college) regardless of trust investment performance. (Source: Maryland 529's Public Update as of January 6, 2023, Slide 12.) These account holders are being provided with the current trust surplus of \$355.6M that currently exists due to the grossly overestimated future tuition cost predictions and amazing investment earnings on my contribution (and others like me) made 18+ years ago. To shift the overage that the trust has accumulated over the 18 years I have been an account holder to account holders that enrolled many years after me **is not equitable, fair, or reasonable.**

Below is a comparison of how a new family 17 years later, in 2021, that takes the same path of saving for their infant child's future in MPCT as I did will fare compared to mine.

	My Family	New Family
Date Enrolled	12/2004	10/2021
Lump Sum Contribution	\$34K	\$34K
Earnings	<u>\$7K</u>	<u>\$66K</u>
Total Account Value	\$41K	\$100K
Years in Plan	18	18
Plan Surplus When Benefits Used	\$355.6M	Unknown - Year 2039

This clearly demonstrates the shift of the surplus that the trust has accumulated **using my contribution** over the 18 years I have been an account holder to account holders that enrolled many years after me.

We made a financial decision to contribute to the MPCT 18 years ago with the understanding that the state was providing a vehicle to save for an education for our daughter and that they would honor the contract, not pull the rug out from under us in the 11th hour. My daughter needs to commit to a college by May 1st, we have no idea what our budget is and the Maryland 529 staff and Board have no interest in resolving this. Our contract allowing rollovers with 100% of investment earnings that we relied upon for

the past 18 years needs to be honored. We need your help to make that happen immediately, the trust is overfunded by \$355.6M so the money is available to right this wrong.

Vicki Evers

6420 Erin Drive

Clarksville, MD 21029